Jannock Corporation Limited

6 months ending
June 30, 1974

Half-Year Report

Half year earnings up 16%
Earnings per share for the first six months were 59 cents as compared with 51 cents in 1973.

Second quarter earnings up 7%
Earnings per share for the second quarter were 30 cents versus 28 cents for 1973. Poor food division results were compensated for by growth in other operations.

Industrial Division
Combined sales and earnings from operations of the steel, transformer and brick businesses were up 37% and 41% respectively over last year.

Food Division
Tuna fish earnings were well ahead of last year. Fishing for flounder and cod was poor and markets difficult; earnings were down. Sugar operations suffered a loss but prospects are brighter.

Acadia sale terms renegotiated
The selling price for the company's New Brunswick pulp mill has been increased by $2.5 million to $18.4 million.

Second half prospects
The outlook is good for the second half. Jannock should show improved earnings over 1973.

Half-Year Highlights

Sales	$111.9 million	up 37%
Earnings	$ 3.9 million	up 4%
Earn./Share	59 cents	up 16%

Operations

Highlights

In the second quarter the goal of realizing our investment in forest products was in part achieved with the closing of the sale of Nortar, the lumber mill and wood treatment business.

The Acadia pulp mill sale did not close as scheduled at the end of June, but was renegotiated on terms more favourable to Jannock. The sale price was increased by $2.5 million to $18.4 million and the closing postponed to September 30, 1974. The transaction still awaits approval by the Foreign Investment Review Agency.

Earnings

Earnings for the first six months were $3,890,000 or 59 cents per share, as compared with $3,738,000 or 51 cents per share in 1973.

Earnings for the second quarter were $2.0 million against $2.1 million in 1973. Earnings per share rose 2 cents to 30 cents due to an extra preferred share dividend accounted for in the same quarter last year.

Earnings from the industrial division were up 41% and forest products operations performed strongly, offsetting disappointing earnings from the food division.

Food Division

The main development was the second quarter loss in the sugar operation. We have followed our policy of avoiding speculation but results were severely affected by the costs associated with limiting our exposure to inventory losses in volatile markets. Since the end of 1973 the price of raw sugar has more than doubled. Interest rates have also moved up significantly causing the carrying cost of receivables and inventory to climb.

On the bright side, three large export shipments were booked during the second quarter. The first shipment left in June. Improved earnings prospects have come about because of the rapid response of our sugar management to the changed market conditions.

Tuna earnings continue to be well ahead of last year, although below our earlier expectations. Catches are lower and the smaller size of the fish caught adversely affected production costs.

The situation in groundfish deteriorated during the second quarter due to a combination of factors. Fishing was poor due to ice conditions and prices in the U.S. market began to drop as a consequence of large supplies of fish from Japan and lower prices for beef and poultry. The situation was further complicated by large inventories of fish tied up in cold storage because of a strike in the U.S. and unfavourable exchange rates.

Industrial Division

Sonco and Lyman, the steel tube divisions, continued to turn in record performances.

Both brick divisions, Canada Brick and St. Lawrence Brick, are operating at full production. Order backlogs are high and earnings exceed last year's. St. Lawrence Brick is proceeding with plans to increase its capacity.

Allanson, which was adversely affected by the energy crisis, enjoyed an improved second quarter, although earnings are still below last year. The ignition transformer business has improved and the high intensity discharge ballast lines have shown good growth.

Forest Products Division

Acadia's earnings continued to grow as a result of a rising pulp market. Due to the renegotiation of the sale of Acadia's assets, Jannock will enjoy an additional three months of earnings from this division.

The Nortar sale closed as scheduled and six month earnings were approximately in line with last year.

Future Plans

As mentioned in our first quarter report, we are actively seeking new investments for the funds realized from the sale of the forest products division. The emphasis will be on the industrial division so that Jannock's assets will be more equally invested in food and industrial products.

We mentioned previously that every effort will be made to simplify the capital structure and hopefully a proposal will be made to shareholders during the second half.

Outlook

The outlook for the second half of the year appears good at this point. Results in the food division are expected to improve. Continued growth is expected in the industrial division and the pulp division will continue to contribute until the date of sale.

Review of Quarterly Results

	Sales		Net Earnings		Earn./Share	
	Qtr	Latest 12 mos	Qtr	Latest 12 mos	Qtr	Latest 12 mos
	$ Million				Dollars	
1973						
1st Qtr	40.1	146.8	1.6	7.4	0.23	1.09
2nd Qtr	41.5	153.5	2.1	8.1	0.28	1.18
3rd Qtr	42.8	159.7	2.3	8.3	0.36	1.21
4th Qtr	46.5	170.9	2.3	8.3	0.36	1.23
1974						
1st Qtr	50.6	181.4	1.9	8.6	0.29	1.29
2nd Qtr	**61.3**	**201.2**	**2.0**	**8.5**	**0.30**	**1.31**

Consolidated Statement of Earnings
for the six months ended June 30
($000)

	1974	1973
Sales	**111,902**	81,634
Operating expenses	**101,001**	70,357
Depreciation	**1,902**	1,795
Interest on long-term debt	**1,638**	1,972
	104,541	74,124
Earnings from operations	**7,361**	7,510
Investment and other income	**165**	203
Earnings Before Income Taxes	**7,526**	7,713
Provision for Income Taxes	**3,636**	3,926
	3,890	3,787
Minority interest	—	49
Net Earnings	**3,890**	3,738
Earnings Per Share	**$ 0.59**	$ 0.51

Consolidated Balance Sheet
($000)

	June 30 1974	Dec. 31 1973
Assets		
Current Assets		
Cash and short-term deposits	**6,100**	1,227
Accounts receivable	**24,992**	22,148
Inventories	**23,795**	21,490
Other current assets	**2,068**	742
	56,955	45,607
Other Investments	**5,396**	6,114
Fixed Assets (Net)	**66,092**	69,349
Intangibles	**10,884**	12,560
	139,327	133,630
Liabilities		
Current Liabilities		
Bank advances	**20,463**	14,042
Other current liabilities	**20,161**	20,643
	40,624	34,685
Long-Term Debt	**16,109**	17,247
Bank Loan	**10,200**	10,200
Deferred Taxes	**12,766**	13,201
Minority Interest	—	641
Shareholders' Equity		
Preferred and Class A	**25,277**	25,313
Special and Class D	**21,079**	21,079
Retained Earnings	**13,272**	11,264
	59,628	57,656
	139,327	133,630

Consolidated Statement of Changes in Financial Position
for the six months ended June 30
($000)

	1974	1973
Source of Working Capital		
Net earnings for the period	**3,890**	3,738
Items not affecting working capital		
Depreciation and depletion	**1,702**	1,795
Deferred income taxes	**193**	260
Amortization of deferred costs	**52**	24
Minority interests	—	49
Provided from operations	**5,837**	5,866
Net reduction of other investments	**318**	—
Reclassification of bank loans to long-term	—	9,000
Proceeds of sale of subsidiary previously consolidated	**4,746**	2,167
	10,901	17,033
Use of Working Capital		
Additions to fixed assets – net	**1,433**	88
Net increase in other investment	—	191
Elimination of working capital of subsidiary previously consolidated	**1,890**	3,820
Reduction of long-term debt	**198**	10,292
Dividends	**1,864**	1,870
Payment of 15% tax on 1971 undistributed income	—	2,384
Expenses of amalgamation and other	**46**	258
Cost of redemption of preferred and Class A shares	**61**	—
	5,492	18,903
Increase (Decrease) in Working Capital	**5,409**	(1,870)
Working Capital – Beginning of Period	**10,922**	10,978
Working Capital – End of Period	**16,331**	9,108

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Jannock Corporation Limited

Pour les 6 mois terminés le 30 juin 1974

Rapport semestriel

Augmentation de 16% des bénéfices du premier semestre

Les bénéfices par action du premier semestre ont été de 59 cents par rapport à 51 cents en 1973.

Augmentation de 7% des bénéfices du second trimestre

Les bénéfices par action du second trimestre ont été de 30 cents par rapport à 28 cents en 1973. La perte enregistrée par la division des produits alimentaires a été compensée par la croissance des autres secteurs.

Division des produits industriels

Les ventes et bénéfices d'exploitation dans nos secteurs de l'acier, des transformateurs et des briqueteries ont connu une hausse de 37% et de 41% respectivement par rapport à l'exercice précédent.

Division des produits alimentaires

Les bénéfices de notre exploitation de thon sont largement en avance par rapport à ceux de 1973. La pêche de poisson de fond a été mauvaise à Terre-Neuve, la vente difficile et les bénéfices ont enregistrés une baisse. L'exploitation sucrière a subi une perte mais les perspectives sont encourageantes.

Nouvelles négociations de la vente d'Acadia

Le prix de vente de l'entreprise de pâte mécanique au Nouveau-Brunswick a été renégocié à $18.4 millions, une augmentation de $2.5 millions.

Meilleures perspectives pour le second semestre

Le deuxième semestre s'annonce satisfaisant. Jannock devrait connaître une augmentation des bénéfices par rapport à 1973.

Faits saillants du 1er sem.

Ventes	$111.9 millions	37% de plus
Bénéfice	$ 3.9 millions	4% de plus
Bén./action	59 cents	16% de plus

Exploitation

Faits saillants

Au cours du second trimestre, nous sommes en partie parvenus à liquider notre investissement dans le secteur des produits forestiers avec la vente de Nortar, une scierie et usine de traitement du bois.

La vente de l'usine de pâtes d'Acadia n'a pas été conclue comme prévu à la fin du mois de juin, mais de nouvelles négociations ont abouti à des termes plus favorables pour Jannock. Le prix de vente a été fixé à $18.4 millions, soit une augmentation de $2.5 millions, et la clôture de la vente reportée au 30 septembre 1974. La transaction doit encore recevoir l'approbation de l'Agence d'Examen de l'Investissement Etranger.

Bénéfices

Au cours des six premiers mois, les bénéfices se sont chiffrés à $3,890,000, soit 59 cents l'action, par comparaison avec $3,738,000 ou 51 cents l'action en 1973.

Les bénéfices pour le second trimestre se sont chiffrés à $2 millions par rapport à $2.1 millions en 1973. Néanmoins, les bénéfices par action ont augmenté de 2 cents, passant à 30 cents du fait que deux dividendes trimestriels sur action privilégiée ont été comptabilisés au cours du deuxième trimestre de l'exercice précédent.

Les bénéfices obtenus par le secteur industriel marquèrent une hausse de 41% tandis que le secteur des produits forestiers connut une augmentation substantielle, le tout compensant les bénéfices peu satisfaisants du secteur des produits alimentaires.

Division des produits alimentaires

A signaler, la perte enregistrée au cours du deuxième trimestre dans l'exploitation sucrière; nous avons fermement résisté à la spéculation mais les résultats ont été durement affectés par le coût des mesures de protection contre les pertes sur stocks que nous avons adoptées dues aux fluctuations des marchés. Depuis l'exercice dernier, le prix du sucre brut a plus que doublé. Les frais financiers sur les comptes à recevoir et les stocks ont fortement augmenté sous l'effet de la hausse des taux d'intérêt.

Sur le plan positif, signalons trois importantes commandes à l'exportation conclues au cours du second trimestre. La première livraison a eu lieu en juin. La réaction rapide de la direction de notre division sucrière face à l'évolution du marché laisse maintenant présager une amélioration des bénéfices.

Les bénéfices de Canadian Tuna ont continué à rester largement en avance par rapport à l'exercice précédent bien qu'inférieurs à nos prévisions antérieures. Les prises de thon ont été inférieures et le poisson de plus petite taille, ce qui a eu des effets défavorables sur les coûts de production.

Dans le domaine du poisson de fond, la situation s'est détériorée au cours du deuxième trimestre du fait de différents facteurs. La pêche a été mauvaise pendant la plupart du trimestre à cause des glaces et l'importance de l'offre de poisson en provenance du Japon et de la baisse du prix du boeuf et de la volaille ont contribué à faire baisser les prix de vente. La situation s'est d'autant compliquée avec l'immobilisation des stocks élevés de poisson dans les réfrigérateurs à cause d'une grève aux Etats-Unis et des taux de change défavorables.

Division des produits industriels

Sonco et Lyman, les divisions s'occupant de tuyaux d'acier, ont maintenu les résultats à des niveaux records.

Les briqueteries, Canada Brick et Briqueterie St-Laurent, fonctionnent à plein rendement. Notre carnet de commandes est très fourni et les bénéfices excèdent ceux de l'exercice précédent. La Briqueterie St-Laurent va lancer ses projets d'accroissement de capacité.

Allanson, qui a souffert de la crise de l'énergie, a connu une amélioration au cours du deuxième trimestre bien que les bénéfices soient encore inférieurs à ceux de l'exercice précédent. Le secteur des transformateurs de démarrage s'est amélioré et l'on a enregistré une croissance satisfaisante dans le domaine des lignes de régulateurs à décharge à haute intensité.

Division des produits forestiers

Les bénéfices d'Acadia ont continué à s'accroître du fait de l'expansion du marché des pâtes mécaniques. A la suite de la réouverture des pourparlers concernant la vente d'Acadia, Jannock pourra encore profiter pendant trois mois des bénéfices de cette division.

La vente de Nortar a été conclue comme prévu. Les bénéfices du premier semestre provenant de ce secteur ont été à peu près équivalents à ceux de 1973.

Projets d'avenir

Comme nous l'avons mentionné dans notre premier rapport trimestriel, nous sommes actuellement à la recherche de nouveaux placements pour investir les capitaux fournis par la vente de la division des produits forestiers. A l'heure actuelle, c'est sur la division des produits industriels que Jannock portera ses efforts de manière à ce que l'investissement de son actif soit réparti entre ce secteur et celui des produits alimentaires.

Comme nous l'avons déjà mentionné, nous nous efforcerons de simplifier la structure du financement de notre société et espérons faire une proposition aux actionnaires au cours du deuxième semestre.

Perspectives

Les perspectives du deuxième semestre de l'année semblent bonnes à l'heure actuelle. D'une part, les résultats devraient s'améliorer dans la division des produits alimentaires. D'autre part, la division des produits industriels devrait se caractériser par une croissance soutenue tandis que les bénéfices d'Acadia devraient continuer de contribuer aux bénéfices jusqu'à la date de la vente.

Résultats trimestriels

	Ventes		Bénéfice net		Bén./action	
	par trim.	12 derniers mois	par trim.	12 derniers mois	par trim.	12 derniers mois
	(en millions de dollars)				(en dollars)	
1973						
1er trim.	40.1	146.8	1.6	7.4	0.23	1.09
2e trim.	41.5	153.5	2.1	8.1	0.28	1.18
3e trim.	42.8	159.7	2.3	8.3	0.36	1.21
4e trim.	46.5	170.9	2.3	8.3	0.36	1.23
1974						
1er trim.	50.6	181.4	1.9	8.6	0.29	1.29
2e trim.	**61.3**	**201.2**	**2.0**	**8.5**	**0.30**	**1.31**

Etat consolidé des bénéfices

pour le semestre terminé le 30 juin
(en milliers de dollars)

	1974	1973
Ventes	**111,902**	81,634
Frais d'exploitation	**101,001**	70,357
Amortissement	**1,902**	1,795
Intérêts sur la dette à long terme	**1,638**	1,972
	104,541	74,124
Bénéfices d'exploitation	**7,361**	7,510
Revenu de placement et autres revenus	**165**	203
Bénéfice avant impôts sur le revenu	**7,526**	7,713
Provision pour impôts sur le revenu	**3,636**	3,926
	3,890	3,787
Intérêts minoritaires	—	49
Bénéfice net	**3,890**	3,738
Bénéfice par action	**$ 0.59**	$ 0.51

Bilan consolidé

(en milliers de dollars)

	30 juin 1974	31 décembre 1973
Actif		
Actif à court terme		
Encaisse et dépôts à court terme	**6,100**	1,227
Comptes à recevoir	**24,992**	22,148
Stocks	**23,795**	21,490
Autre actif à court terme	**2,068**	742
	56,955	45,607
Placements divers	**5,396**	6,114
Immobilisations, net	**66,092**	69,349
Eléments incorporels	**10,884**	12,560
	139,327	133,630
Passif		
Passif à court terme		
Avances bancaires	**20,463**	14,042
Autre passif à court terme	**20,161**	20,643
	40,624	34,685
Dette à long terme	**16,109**	17,247
Emprunt bancaire	**10,200**	10,200
Impôts sur le revenu reportés	**12,766**	13,201
Intérêts minoritaires	—	641
Avoir des actionnaires		
Actions privilégiées et de catégorie A	**25,277**	25,313
Actions spéciales et de catégorie D	**21,079**	21,079
Bénéfices non répartis	**13,272**	11,264
	59,628	57,656
	139,327	133,630

Etat consolidé de l'évolution de la situation financière

pour le semestre terminé le 30 juin
(en milliers de dollars)

	1974	1973
Provenance du fonds de roulement		
Bénéfice net pour le semestre	**3,890**	3,738
Eléments ne modifiant pas le fonds de roulement		
Amortissement et épuisement	**1,702**	1,795
Impôts sur le revenu reportés	**193**	260
Amortissement des frais financiers reportés	**52**	24
Intérêts minoritaires	—	49
Fonds provenant de l'exploitation	**5,837**	5,866
Réduction nette de placements divers	**318**	—
Virement des emprunts bancaires à la dette à long terme	—	9,000
Produit de la disposition d'une filiale consolidée antérieurement	**4,746**	2,167
	10,901	17,033
Utilisation du fonds de roulement		
Nouvelles immobilisations, montant net	**1,433**	88
Augmentation nette de la valeur des autres placements	—	191
Elimination du déficit du fonds de roulement d'une filiale consolidée antérieurement	**1,890**	3,820
Réduction de la dette à long terme	**198**	10,292
Dividendes	**1,864**	1,870
Versement de l'impôt de 15% sur le revenu non réparti en 1971	—	2,384
Frais de fusion et autres frais	**46**	258
Coût du rachat des actions privilégiées et de la catégorie A	**61**	—
	5,492	18,903
Augmentation (diminution) du fonds de roulement	**5,409**	(1,870)
Fonds de roulement au début du semestre	**10,922**	10,978
Fonds de roulement à la fin du semestre	**16,331**	9,108

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Jannock Corporation Limited

Annual Report 1974

Forest Operations Sold

During 1974, the company achieved the goal of realizing its investment in its forest products operations, Acadia and Nortar. Page 2

Earnings per Share Increase 46%

Earnings per share before extraordinary items rose to $1.80 per share as compared with a figure of $1.23 in 1973. Page 20

$20 Million to Invest

As a result of the disposition of its forest products division and of its Orangeroof shares, Jannock has $20 million available for acquisition purposes. Page 3

Sugar Prices Up - Profits Down

High prices for refined sugar, caused by the high cost of raw sugar, resulted in reduced sales volume. Costs were up due to high hedging and interest expenses. Page 10

Industrial Division - Sales Up 25%

The Industrial Division posted its fifth successive year of sales and earnings growth. Sales and earnings from operations were up 25.8% and 44.6% respectively. Page 4

Pulp Makes Major Contribution

Acadia Pulp made a major contribution to earnings as a result of excellent pulp markets. The operation was sold in December near the peak of the market. Page 2

Working Capital Increases $23 Million

Jannock finished 1974 with greater liquidity, higher equity per share and a lower debt/equity ratio. Page 16

Expansion Projects Underway

Major expansion projects are underway at Sonco, Canada Brick, St. Lawrence Brick, and Lyman. All are scheduled for completion in 1975. Page 2

Atlantic Fish - Problems

Strikes, lower prices and higher costs combined to cause Atlantic Fish to lose money for the first time in five years. Page 12

Jannock Corporation Limited

What is Jannock?

Jannock is a diversified, Canadian-owned public company engaged in the manufacture of industrial and food products.

The industrial division produces and distributes tubular steel products, brick and electrical goods. The food division refines sugar, and catches and markets tuna and other seafood products.

How is it Organized?

Jannock operates with decentralized operating management and a small head office staff. Complete autonomy in day-to-day matters is granted to the general manager of each profit centre. However, strategic planning and strict financial controls are coordinated from head office.

The general manager of each profit centre is responsible to a group vice president. In addition to the usual financial and secretarial functions, the head office staff includes a small corporate development group.

What are Jannock's Long Range Objectives?

The overall objective of the Board of Directors is to build Jannock into a major company enjoying fundamental growth. Jannock plans to achieve this aim by operating in fields in which the capacity for long term growth is based on the ability to satisfy basic and growing human needs. Jannock aims to be a major factor in each market it serves.

What are Jannock's Immediate Plans?

Concentrating its efforts and resources, it will expand those businesses in which it has the basic strengths of experience, knowhow and profitability; and redeploy those assets which are under-productive. The company will seek growth both internally and by acquisition and will concentrate its expansion in fields where it can achieve a significant market share.

Table of Contents:

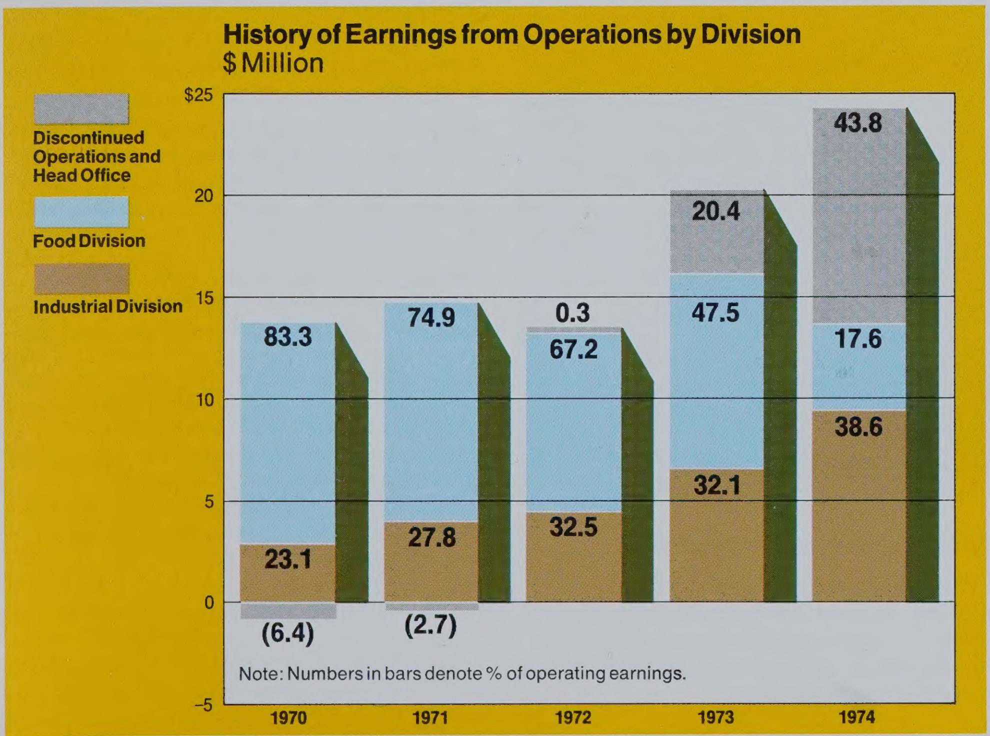
The Annual and General Meeting of the holders of the Special and Class D shares of Jannock Corporation Limited will be held at 10 a.m., Monday, April 21, 1975 in the Quebec Room of the Royal York Hotel, Toronto, Ontario. Shareholders are encouraged to attend.

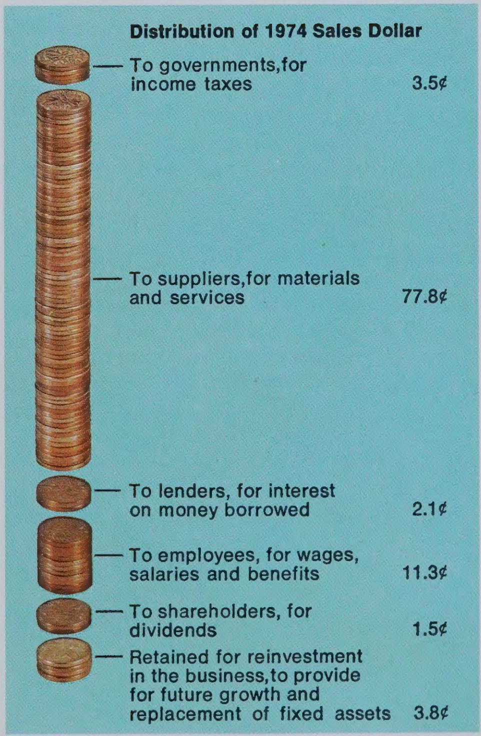
Les actionnaires qui désirent la version française de ce rapport sont priés de s'adresser au secrétaire de la compagnie a l'adresse suivante:
P.O. Box 43
Toronto Dominion Centre
Toronto, Ontario
M5K 1B7

Jannock Corporation Limited

1974 at a Glance

	1974 $ million	1973 $ million	% Change
Sales	**254.7**	170.9	+ 49.0
Earnings from operations	**24.4**	20.2	+ 20.8
Provision for income taxes	**9.2**	8.8	+ 4.5
Earnings before extraordinary items	**10.9**	8.3	+ 31.3
Earnings per share before extraordinary items	**$1.80**	$1.23	+ 46.3
Earnings per share after extraordinary items	**$1.56**	$0.80	+ 95.0
Equity per Special and Class D share	**$7.65**	$6.48	+ 18.1
Working Capital	**34.4**	10.9	+215.6





President's Report

1974 was a year of change. During the year the company completed the plan of realizing its investment in the forest products field, announced in last year's annual report.

Sale of Nortar

On July 2, 1974 the assets of Northern Tar, Chemical and Wood were sold and the company has been wound up realizing $5 million in cash net of taxes. In retrospect the timing of this sale was very advantageous to shareholders as lumber prices declined rapidly following the sale, due to the downturn in housing starts.

Sale of Acadia

After lengthy negotiations and many problems the assets of Acadia Pulp & Paper were sold on December 12th. The company received $15.7 million in cash and a $2.8 million note secured by a second mortgage which will be realized over the next 2½ years. After payment of taxes and liabilities the company will realize $11 million in cash, the $2.8 million note plus $4.2 million in other receivables to be realized over the next twelve months. Jannock recorded an extraordinary gain of $3.3 million net of taxes on this transaction.

While Acadia's earnings for 1974 were at record levels, contributing $11.6 million to Jannock's earnings from operations, the pulp market began to weaken by year end. In future years Acadia would have required substantial capital expenditures to upgrade the mill and its product line. The bumper year allowed us to realize a good price and we believe Acadia was sold near the top of the market cycle. I believe this sale to have been most beneficial to Jannock.

Sale of Orangeroof

In August 1974 the company's 42% interest in Orangeroof Canada Limited was sold to Orangeroof's controlling shareholders for $1.2 million.

Transformation of Jannock

The net result of this activity is that Jannock is now a company with two divisions and a significant amount of cash available for redeployment.

The transformation of Jannock is by no means complete. It will continue and we hope that during the coming year there will be developments which will forge a new identity for your company.

Record Profits

1974 was another profitable year. Earnings per share before extraordinary items increased 46% to $1.80. The increase in profits, however, reflects little of the problems we encountered.

I will briefly comment here on the individual operations. A full review of each business will be found on pages 4 to 12 of this report.

Bad Year in Food

Both sugar and fishing experienced a particularly trying year. Sugar had the most difficult year in recent memory and the Atlantic Fish business incurred a loss for the first time in five years. Results were down significantly as explained on pages 10 and 12 of this report.

Forest Products – Record Earnings

The decline in food earnings was offset by record results from the forest products group. For the first time in recent years world pulp prices moved in our favour. Prices rose to unprecedented levels and the effect on earnings was impressive.

Industrial Division – Good News

The industrial division progressed well during the year. All operations improved their earnings except Allanson Manufacturing which suffered a reduction in sales of ignition transformers.

Inflation

Hardly an annual report written this year will fail to mention the problems caused by inflation. We felt them too, especially in the cost of energy. Our ships are heavy users of fuel oil. Materials and labour were both more expensive, and in short supply.

Investment for Internal Growth

All the capital investment programs mentioned in last year's report are in progress. A new tube mill for Sonco Steel Tube will be completed in mid-1975. St. Lawrence Brick's 30% capacity increase will be completed towards year end. Atlantic Fish took delivery of two new trawlers at the end of 1974. Three more will be delivered in 1975. Canada Brick received municipal approval to build a concrete brick plant and construction should be completed by mid-year.

Labour

A number of labour agreements came up for renewal during the year. New agreements were reached at Sonco, St. Lawrence Brick and the Montreal and Toronto warehouses of Atlantic Sugar, without work interruption. Canada Brick reached a two-year agreement with its employees after a three week strike.

Atlantic Fish's operations suffered due to an illegal seven week strike by the trawler crewmen. A strike at Lyman Tube's Oakville warehouse is still in progress at time of writing.

During 1975 new labour agreements will be negotiated at the Saint John sugar refinery, at Atlantic Fish and at Canadian Tuna.

As a result of the sale of our forest products operations, there are 1,390 fewer employees. Average employment in continuing operations in 1974 was 2,271 versus 2,024 a year earlier.

Future of Fishing

A serious situation is being faced by the fishing industry in the Atlantic provinces and Jannock's involvement in the industry is being critically reviewed. Facts are sometimes uncomfortable but it is a fact that, but for government subsidy, very little would have been invested in the fishing industry over the last 10 years. To ensure the industry's survival, government assistance will be needed until such time as Canada gains control over the vast resources of her continental shelf. Until this happens, the economics of the industry are not encouraging.

Acquisitions

With $20 million to invest, the company's directors are determined to place Jannock in areas with long term growth potential. The main emphasis of our acquisition search is to locate financially strong, profitable businesses with good management and growth potential.

Forecast

Any attempt to forecast the results for 1975 must be subjective in this period of rapidly changing economic, fiscal and monetary conditions. We are basically optimistic however and anticipate some improvement in both our industrial and food divisions. It is unlikely that the earnings of 1975 will repeat those of 1974 as these earnings were largely the result of a unique situation in the pulp operation which was sold.

The company entered 1975 with a strong cash position and with every intention to use the cash for acquisition purposes. Jannock's activities in this area could have a significant impact on 1975 results.

Dividends

On August 8, 1974, the directors voted to increase the dividend on the Special and Class D shares by 25%. This raises the dividend on the Special shares to an annual rate of $0.425 from $0.34. The annual rate on the Class D shares rises to $0.50 from $0.40. It is our intention to maintain this rate during the forthcoming year. We would hope to increase the dividend on our equity shares as earnings increase.

Keeping Shareholders Informed

Last year we decided to provide for more financial disclosure than is usual in annual reports. One measure of our success is the recognition received in the Financial Post's yearly review of annual reports. This year's annual report is responsive to the requests of investors. You will find a particular improvement in the clarity and scope of the notes to the financial statements.

Our goal is to provide sufficient information about the company to enable an investor to make a reasonably informed investment decision. We would appreciate your comments and suggestions to assist us in this effort.

Simpler Capital Structure

During 1974 proposals were drafted for a simplification of the company's capital structure. Plans to submit these proposals to shareholders for approval were delayed by tax considerations. We anticipate that amendments to the Income Tax Act will be made shortly which will permit us to proceed with our plans.

New Shareholders

Early in 1975 an announcement was made that a group of investors including Mr. George E. Mara, one of your company's directors, and Mr. D. G. Willmot and Mr. W. M. Hatch of Toronto, had bought a 17% interest in the company from other major shareholders, including Slater, Walker of Canada Limited and MerBan Investment Fund. Subsequently, they acquired an additional 10% interest in Jannock by purchases on the Toronto and Montreal Stock Exchanges. Following this transaction, nominees of the selling shareholders, Mr. R. Smith, Mr. V. E. Daughney, Mr. G. R. Chater and Mr. G. H. Montague tendered their resignations as directors. We want to thank these gentlemen for their contribution to the company and welcome to the Board Mr. Willmot, Chairman of The Molson Companies Ltd.

It is with great regret that we learned of Senator Salter A. Hayden's decision not to stand for re-election to the Board. Senator Hayden joined the Board of Atlantic Sugar in 1939 and continued on the Board of Jannock subsequent to the amalgamation. During his 36 years on the Board, Senator Hayden's advice and counsel was of great value to your company. His presence will be greatly missed.

Employees

The success of your company could not have been achieved without the contributions of all Jannock's people. I hope you will share with me my pride in the enthusiasm and support of our employees. I express my sincere thanks to all of them.

G. G. Kirkland

Graeme G. Kirkland

Feb. 27th, 1975

Industrial Division

Review of Divisional Performance
$ Million

	Sales					Earnings from operations *					Average No. of Employees	
	1974	1973	1972	1971	1970	**1974**	1973	1972	1971	1970	**1974**	1973
Sonco	**18.2**	15.2	10.7	9.2	8.9	**4.4**	2.9	1.6	1.5	1.2	**145**	151
Lyman	**17.2**	12.1	9.2	7.3	6.8	**1.5**	.6	.4	.2	.1	**126**	112
Brick	**9.0**	6.9	5.8	5.0	3.7	**2.6**	2.0	1.6	1.7	1.2	**233**	185
Allanson	**6.7**	6.4	5.4	4.4	4.4	**.9**	1.0	.8	.6	.5	**242**	263
Total	**51.1**	40.6	31.1	25.9	23.8	**9.4**	6.5	4.4	4.0	3.0	**746**	711

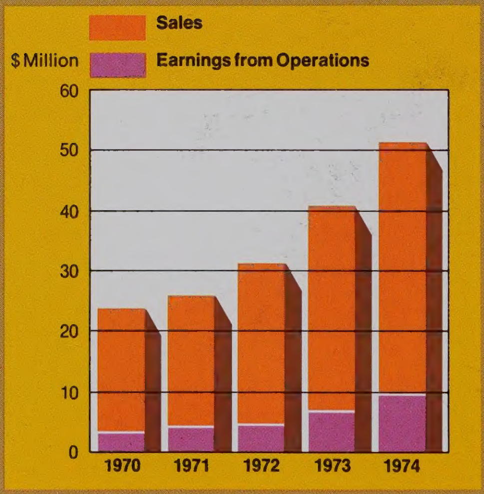
Note: Brick operations for 1970-1973 include Canada Brick only. 1974 data includes Canada Brick and St. Lawrence Brick.

*Before financial expenses and income taxes.

Combined sales of the Industrial Division in 1974 were $51,100,000 and earnings from operations totalled $9,400,000. This represented increases of 25.8% and 44.6% respectively over 1973. All operations were profitable during the year. All except Allanson enjoyed higher sales and earnings.

Plants operated at or near capacity, and significant capital expenditure projects were begun. 1974 marked the fifth successive year of sales and earnings gains for the division. Since 1970, sales have grown by 115%. Earnings from operations increased by 213% during this period. All operations have continued to strengthen their leadership in their particular fields of activity.

The outlook for 1975 is promising. All units are expected to show improved results. Over the longer term, we expect the Industrial Division to experience good growth via internal expansion. A number of opportunities for acquisition are also under consideration.



Sonco Steel Tube

David Sonshine

Statement of Earnings
for the year ended December 31
($ millions)

	1974	1973
Sales	18.2	15.2
Cost of sales	13.2	11.7
Other operating expenses	.6	.6
Earnings from operations	4.4	2.9
Financial expenses	.1	.1
Income Taxes	1.8	1.2
Net Income	2.5	1.6

Balance Sheet
as at December 31
($ millions)

	1974	1973
Current Assets	3.6	4.2
Fixed Assets – Net	5.3	3.9
Intangibles	3.9	3.9
Total Assets	12.8	12.0
Current Liabilities	3.1	2.0
Long Term Debt	.4	.4
Deferred Taxes	1.2	1.1
Total Liabilities	4.7	3.5
Equity	8.1	8.5

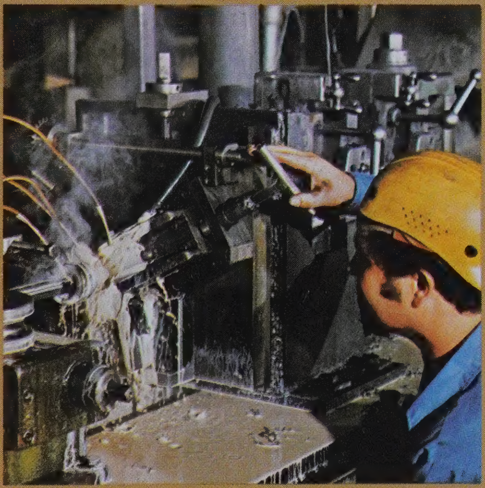
Business Description

Sonco is engaged in the manufacture and sale of cold formed electrically welded mechanical steel tubing and hollow structural steel sections. Production is at a modern 120,000 sq. ft. company-owned plant, located in Brampton, Ontario.

Coils of steel strip are purchased from Canada's major steel companies and fabricated into a wide range of tubular products for sale to manufacturers and steel warehouses. Mechanical tubing made from cold rolled strip is used in many fields, from the manufacture of furniture and wheelbarrows to toys and garden tools. Hollow structural sections, made from hot rolled strip, are used in construction, by truck manufacturers and agricultural equipment producers. Over the past four years, Sonco sales have grown at a compound rate of 25%.

Operations Review

The two words best describing the situation in 1974 are scarcity and inflation. All users of steel, including Sonco, were on allocation for the entire year. The price of steel went up substantially. The cost of other materials and labour rose significantly.



During the last quarter, Sonco concluded a new three-year collective agreement calling for substantial wage increases. Labour relations were good and the settlement was reached amicably.

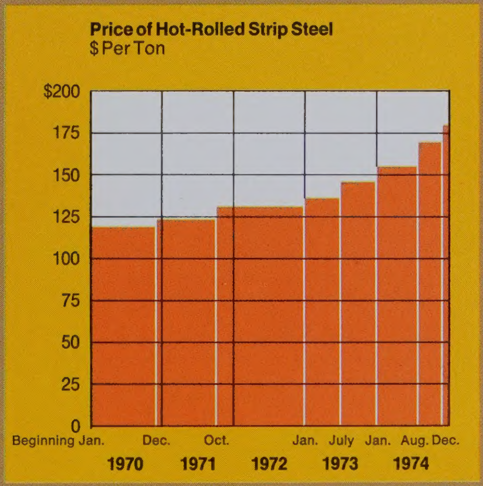
Sonco's sales were up 19% reflecting the higher costs of steel and increased volume, especially in the export sector. Earnings from operations increased 52%. The increased profits were a result of improved margins, higher productivity and increased volume. Demand for all products remained strong until November, when some weakness became evident in the mechanical sector reflecting downturns in the consumer goods and automotive sectors. Hollow structural demand remained firm.

During 1974, Sonco increased the size of its plant by 18,000 square feet, to handle a larger volume and in preparation for the installation of a hollow structural mill in mid-1975. This mill will add about one-third (35,000 tons) to annual capacity at a cost of about $2 million.

Plans And Prospects

The outlook for 1975 is mixed. The demand for hollow structural sections should remain strong through the first half due to strength in the agricultural and construction sectors. Demand for mechanical tubing should continue to be soft. The steel supply situation should be easier.

The demand outlook for the remainder of the year is still unclear, but we are optimistic that the year's results will show an improvement over those of 1974. Over the longer term, it is anticipated that most of Sonco's growth will come from an expansion in the hollow structural segment of its business. The main project of 1975 will be the installation of the new hollow structural mill, which will significantly increase Sonco's capability to serve this rapidly growing market.



Lyman Tube

David J. Kennedy

Statement of Earnings
for the year ended December 31
($ millions)

	1974	1973
Sales	17.2	12.1
Cost of sales	13.0	9.7
Other operating expenses	2.7	1.8
Earnings from operations	1.5	.6
Financial expenses	.3	–
Income Taxes	.6	.3
Net Income	.6	.3

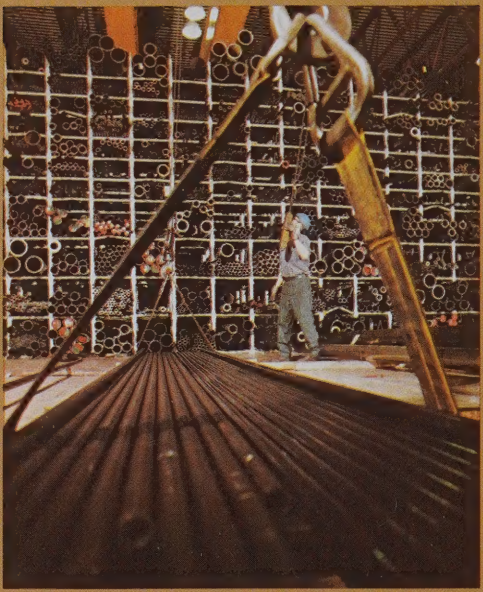
Balance Sheet
as at December 31
($ millions)

	1974	1973
Current Assets	5.7	3.7
Fixed Assets – Net	.9	.8
Total Assets	6.6	4.5
Current Liabilities	4.6	2.5
Deferred Taxes	.1	.1
Total Liabilities	4.7	2.6
Equity	1.9	1.9

Business Description

Lyman is engaged in the warehousing and distribution of tubular steel products. The company's inventory consists of approximately 1,700 sizes of seamless and welded carbon steel tubing. Lyman purchases its product from Canada's major tube manufacturers (including Sonco), as well as from producers in the United States and abroad.

Lyman operates from a company-owned headquarters in Oakville, Ontario and service centres in Montreal, Winnipeg, Edmonton and Vancouver. The company sells to a wide variety of original equipment and after-market customers in such industries as farm machinery and equipment, hydraulic cylinders, steel fabricators and machine shops.



Operations Review

During 1974, the steel shortages foreseen in last year's annual report were felt in all segments of the economy and by steel consuming industries throughout the country. Lyman was successful in obtaining sufficient inventories of steel during 1974 to enable it to expand its business. Extraordinary price increases in the cost of basic steel had a significant impact on total sales dollars for the year, which were up substantially.

Earnings from operations increased by over one hundred per cent. Contributing factors were higher volume, improved margins, better product mix and an increased contribution from Edmonton's second year of operation. Although a softening of demand in certain areas was experienced during the last quarter, overall demand throughout the year remained firm.

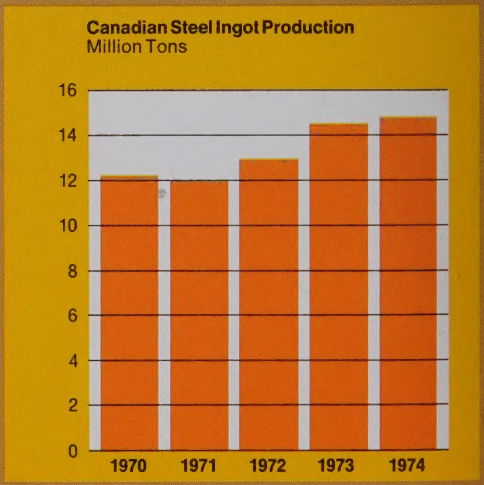
Early in the year, Lyman occupied a new warehouse in Vancouver to accommodate the operation's rapidly growing presence in British Columbia. Additional capital expenditures were made to improve handling and storage facilities at Oakville and Montreal. Lyman sales have grown at a compound rate of 37% since 1970.

Plans and Prospects

Capital expenditure plans for 1975 call for a new service centre costing $900,000 to be constructed in Montreal, to serve the Quebec and Maritimes regions.

A lessening of demand for certain product lines through the first half of 1975 is anticipated. This, however, should be balanced by continued heavy demand for other product lines which will remain in short supply. Demand from after-market customers should offset the lower requirements of original equipment producers. Manufacturers will also increase their use of service centres to reduce inventories. Thus the outlook for 1975 is encouraging.

The steel service centre industry has grown rapidly during the past decade because of the services it offers in technical assistance and inventory availability. Lyman will continue to specialize in the tubular steel segment of this industry. Growth will come from opening new markets, increased coverage of existing markets, and greater product variety.



Brick Operations


E. Y. Carlson


André Goyer

Statement of Earnings
for the year ended December 31
($ millions)

	1974	1973
Sales	9.0	6.9
Cost of sales	5.3	3.9
Other operating expenses	1.1	1.0
Earnings from operations	2.6	2.0
Financial expenses	.5	.1
Income Taxes	.9	.8
Net Income	1.2	1.1

Balance Sheet
as at December 31
($ millions)

	1974	1973
Current Assets	2.2	1.9
Fixed Assets – Net	7.0	3.3
Other Assets	.1	.1
Intangibles	2.0	2.0
Total Assets	11.3	7.3
Current Liabilities	1.9	.9
Long Term Debt	2.6	1.1
Deferred Taxes	.9	.6
Total Liabilities	5.4	2.6
Equity	5.9	4.7

Business Description

Jannock's brick operations consist of two entities, Canada Brick, located on a industrial-zoned 225-acre site in Mississauga, Ontario and St. Lawrence Brick with 180 acres in Laprairie, Quebec.

The Canada Brick plant is Canada's largest and serves primarily the Ontario market, with some shipments to Quebec and the United States. The operation offers a wide range of colours and textures. St. Lawrence Brick sells almost entirely in Quebec, with a more selective line. The combined productive capacity of the two plants is approximately 125 million clay bricks per year. Reserves are adequate for about 15 years of operation at Canada Brick and 100 years at St. Lawrence Brick, at present capacity.

Operations Review

The high demand for bricks encountered in 1973 continued throughout 1974. Inventories remained unusually low throughout the year, resulting in an inability to meet all demands for all products. Towards the end of the year a slackening in demand became evident and was reflected in the order backlog, which nonetheless remained fairly strong.

Tempo, an oversize brick for residential use introduced last year by Canada Brick, experienced its first full year in the market, with gratifying results. Inflation and supply shortages had their effect on brick operations. Material costs rose sharply and shortages were encountered in certain areas.

Brick manufacturing is both labour and capital intensive and adequate labour supply is always a concern. Both operations concluded new collective agreements in 1974 which called for significant wage increases. Unfortunately, Canada Brick was unable to obtain its agreement without the cost of a three week strike.

Extensive capital expenditure programs are underway at both locations. During 1974, Canada Brick completed the automation of one phase of the brick manufacturing operation and began construction of a plant to manufacture concrete bricks. This plant, costing $2.1 million, will have a production capacity of 20 million bricks per year. St. Lawrence Brick began work on a $1.1 million automation and expansion project which will add 30% to its clay brick capacity late in 1975.

Plans and Prospects

Although demand at the beginning of 1975 was lower than a year earlier, the order backlog is still good. The major economic variable which will affect 1975 results is the number of housing starts. Any government measures to increase the supply of badly needed housing should have a positive effect during the second half. It is expected that 1975 should still show returns similar to 1974. Both capital expenditure projects are scheduled for completion during the year. However, neither will have a significant impact on earnings until 1976.

Although the construction industry has tended to be cyclical, the demand for bricks has usually, in our experience, remained relatively strong. While bricks cannot be considered a high growth industry, growth opportunities do exist in the expansion of existing facilities and the building of new ones.

Allanson Manufacturing

R. A. Crolly

Statement of Earnings
for the year ended December 31
($ millions)

	1974	1973
Sales	6.7	6.4
Cost of sales	5.2	4.8
Other operating expenses	.6	.6
Earnings from operations	.9	1.0
Financial expenses	.2	.1
Income Taxes	.3	.4
Net Income	.4	.5

Balance Sheet
as at December 31
($ millions)

	1974	1973
Current Assets	3.5	2.9
Fixed Assets – Net	.3	.3
Intangibles	3.0	3.0
Total Assets	6.8	6.2
Current Liabilities	1.8	1.3
Total Liabilities	1.8	1.3
Equity	5.0	4.9

Business Description

Allanson Manufacturing Company Limited produces, at two leased plants in Metro Toronto, a line of electrical equipment serving the heating, lighting and consumer products industries.

The principal product is a complete range of ignition transformers for home and industrial oil burning furnaces. Allanson is Canada's leading supplier of these items to both original equipment and replacement markets. To complement the transformers, Allanson also manufactures a full line of Allanson/Webster fuel units under license.

Canada's lighting industry uses a wide variety of Allanson ballasts and transformers. Allanson is the leading supplier of fluorescent ballasts and neon transformers to the sign industry. Of increasing importance is the complete line of high intensity discharge ballasts, serving the indoor and outdoor lighting industry in all areas ranging from street and highway lighting to commercial space lighting. Allanson's line of portable battery chargers and power convertors are used in home, garage, farm, arena and recreational vehicle applications. The company also manufactures a line of Xenon rectifiers for use in motion picture theatres and the audio-visual industry.

Operations Review

1974 was a disappointing year for Allanson. The transformer business suffered from severe cutbacks in the manufacture of oil burning furnaces, while fluorescent ballasts eased off due to lower demand from the illuminated sign industry. On the bright side, fuel pumps, high intensity discharge ballasts and battery chargers increased their market penetration.

Although sales increased by 5% over 1973 to $6.7 million, earnings from operations were down 18% to $855,000 as a result of reduced sales in Allanson's more profitable lines.

Results in 1974 were also hampered by shortages and inflation. Price increases in major raw materials such as steel and copper averaged 12%. Supplies of materials were tight and shortages and extended supplier lead times created major operational problems.

Wage increases during the year exceeded 14%. Nonetheless, difficulties in recruiting sufficient qualified labour hampered operations. Throughout the year, Allanson's employee representative group met regularly with management. Favourable labour relations were maintained as a result of this joint effort.

Plans and Prospects

The outlook for 1975 is somewhat cloudy. Inflation will continue to exert an upward pressure on most costs, although at a slower rate. The main factor which will continue to affect Allanson is the high price of oil and its negative effect on the installation of oil furnaces. No growth is foreseen in the ignition transformer and fluorescent ballast lines. However, the HID ballast, battery charger and fuel pump lines should continue to exhibit growth in 1975 and in future years.

During the past few years, most of Allanson's growth has come from the introduction of new products. A number of development projects are underway which should result in a wider range of products. These should provide new potential for growth in the coming years.

Food Division

Review of Divisional Performance
$ Million

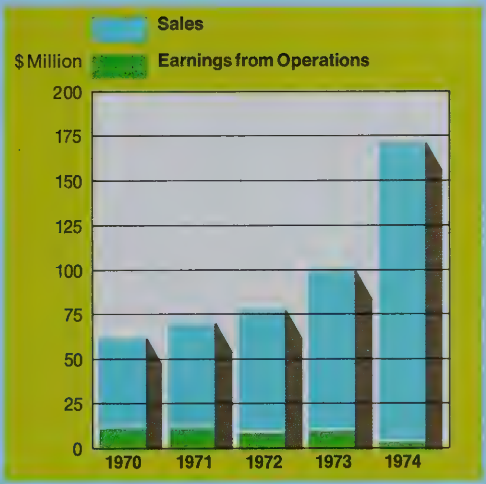
	Sales					Earnings from operations *					Average No. of Employees	
	1974	1973	1972	1971	1970	**1974**	1973	1972	1971	1970	**1974**	1973
Sugar	**152.4**	79.7	63.8	56.4	49.3	**4.1**	7.0	8.6	10.9	10.7	**503**	505
Tuna	**11.8**	10.4	6.4	5.8	3.4	**.8**	.7	(.2)	(.8)	(1.2)	**354**	190
Fish	**7.9**	9.9	7.6	8.7	8.9	**(.6)**	1.9	.7	.7	1.3	**650**	600
Total	**172.1**	100.0	77.8	70.9	61.6	**4.3**	9.6	9.1	10.8	10.8	**1,507**	1,295

*Before financial expenses and income taxes.

Sales of the Food Division rose to $172,100,000 in 1974, an increase of 72.1% over 1973. Most of this increase was the result of higher prices for sugar, reflecting the higher costs of raw sugar. Earnings from operations for the year were $4,300,000, a 55% decrease.

Jannock's Food Division should experience slow but steady growth in the future. The outlook for the coming year however, is less encouraging. Both the Tuna and Atlantic Fish operations face problems as the year begins. We are looking for higher beef and poultry prices later in 1975 which should have a favourable impact on the earnings of these operations. In Atlantic Sugar the prospect is for improved operations over 1974. Sugar operations still constitute the bulk of our earnings from this division and will do so for the next several years.

Opportunities to improve our return on investment from this division are being reviewed and investigated on a continuing basis.



Food Division

Sugar Operations

L. E. Labrosse

Statement of Earnings
for the year ended December 31
($ millions)

	1974	1973
Sales	152.4	79.7
Cost of sales	145.3	69.6
Other operating expenses	3.0	3.1
Earnings from operations	4.1	7.0
Financial expenses	1.7	1.0
Income Taxes	1.4	4.0
Net Income	1.0	2.0

Balance Sheet
as at December 31
($ millions)

	1974	1973
Current Assets	47.7	14.8
Fixed Assets – Net	12.7	13.1
Total Assets	60.4	27.9
Current Liabilities	35.0	5.2
Deferred Taxes	2.4	2.4
Total Liabilities	37.4	7.6
Equity	23.0	20.3

Business Description

Raw cane sugar is refined at the Saint John, New Brunswick refinery, whose rated capacity is 570 million pounds per year. During 1974 most of our raw sugar came from Australia, Mauritius and Cuba. Deep water dock facilities at Saint John permit year-round delivery of the raw product by ship. Finished products are transported by rail and truck. Atlantic supplies about 22% of the Canadian market.

The ownership of a commodity with volatile prices involves a risk of substantial inventory losses. Therefore, the company's policy is to own no unsold inventory. Both physical inventories and raw sugar purchased for future delivery are either committed to customers under contract, or sold on the London Sugar Exchange. This operation, called hedging, insures that Atlantic minimizes its inventory risks.

Operations Review

1974 was a difficult year due to unprecedented high costs and unusual volatility in the raw sugar market. Raw sugar prices, which had begun to rise rapidly last year, rose even more quickly during 1974 due to increased world demand and inadequate supplies.

Total volume was 503 million pounds in 1974 versus 615 million in 1973, including exports. Earnings after tax were one-fifth cent per pound compared with one-third cent a year earlier. The high cost of sugar meant that a much larger amount of working capital was required to carry on business. This, combined with record interest rates, had a significant effect on earnings. In addition, hedging costs were sizeable. During the first half-year, Atlantic lost money. Although management was able to reduce these costs during the second half and improve earnings, Atlantic lost money again during December as a long series of limit-down moves in the market made hedging impossible.

Sugar consumption declined as consumers reacted to the high price of refined sugar and sweetened goods. Moreover, considerable quantities of U.S. refined sugar were imported into Canada.

On April 3, 1974 Atlantic and two other eastern Canadian refiners were bound over for trial on charges under the Combines Investigation Act. The trial began on October 14 and is still in progress. The company is pursuing its defence with the utmost vigour.

Plans and Prospects

At present, the outlook for 1975 is mildly encouraging. Raw sugar prices are down from last year's peak levels. Future price levels, however, will depend on crops during 1975. Lower prices and a more stable market should result in a return to normal levels of consumption. This should have a beneficial effect on earnings and enable Atlantic to return to a reasonable level of profit. In order to compensate the company for its services and the risks it runs and to provide the funds for future capital requirements, an after-tax profit level of about one cent per pound is required. The company will therefore strive to increase its margins to this level during 1975, although strong competition limits our ability to do so.

In the past sugar consumption has grown consistently at the same rate as the general population and is expected to do so in the future.

Tuna

G. E. Waring

Statement of Earnings
for the year ended December 31
($ millions)

	1974	1973
Sales	11.8	10.4
Cost of sales	9.3	7.8
Other operating expenses	1.7	1.9
Earnings from operations	.8	.7
Financial expenses	.2	.2
Income Taxes	.3	.3
Net Income	.3	.2

Balance Sheet
as at December 31
($ millions)

	1974	1973
Current Assets	6.3	4.4
Fixed Assets – Net	15.6	16.1
Total Assets	21.9	20.5
Current Liabilities	3.2	2.4
Long Term Debt	.8	.9
Deferred Taxes	4.2	4.3
Total Liabilities	8.2	7.6
Equity	13.7	12.9

Business Description

Ocean Maid is Canada's only integrated producer of canned tuna. Our tuna is caught off the coast of Central and South America, and off the west coast of Africa, with a fleet of five modern purse seiners. Four of these boats are owned and one is leased. The vessels are 200 feet long with a carrying capacity of about 900 tons of frozen tuna. The catch is trans-shipped by freighter to the company-owned cannery near St. Andrews, N.B., where it is processed into canned tuna, pet food, and tuna meal. The canned tuna is sold across Canada under the brand names "Bye the Sea" and "Chicken of the Sea". Tuna cat food is marketed as "Kitty Treat". Ocean Maid's share of the Canadian market is about 25%.

Relatively high inventories of raw tuna are carried at the plant due to the long supply line between the plant and the fishing grounds.

Operations Review

Domestic sales of canned tuna grew in 1974 and market share was maintained despite stiff foreign competition. Earnings from operations exceeded those of 1973 by 14%.

Costs rose substantially during the year. It was not possible to recover these higher costs completely, even though there were significant increases in selling prices. Increased earnings were a result of higher volumes.

Fuel oil was a large factor in these increased costs and there were occasional shortages. We were able to obtain adequate supplies, however, especially during the critical first quarter. Labour costs were up substantially as was the cost of most materials. Labour relations were good, although there were difficulties with labour supply because of the small population in the St. Andrews area.

Over the past few years, sales of Ocean Maid products have risen substantially. Canned tuna sales in 1974 were more than double those of 1971 while cat food sales were more than five times greater.

In the past years, some of our catch was sold to foreign canners. This year we increased catches, but processed almost all we caught. Sales of fish to other processors were negligible.

Plans and Prospects

We view 1975 with some uncertainty. Lower meat and poultry prices could reduce demand. However, production costs should be lower due to a healthy opening inventory of good size fish at the plant.

Two areas that cause concern are increasing competition on the fishing grounds and the small labour pool in the area of the cannery. Continuing efforts are being made to improve the competitive ability of our fleet and to attract more labour at the plant. During 1974, progress was made in both areas.

The long-term outlook for canned tuna sales in Canada must be considered encouraging. Tuna is an excellent, low-cost source of protein, blends well with other foods and is delicious hot or cold. Per capita consumption of tuna in the U.S. is more than double that in Canada.

Atlantic Fish

W. J. Grant

Statement of Earnings
for the year ended December 31
($ millions)

	1974	1973
Sales	7.9	9.9
Cost of sales	8.3	7.9
Other operating expenses	.2	.1
Earnings from operations	(.6)	1.9
Financial expenses	.3	.2
Income Taxes	(.4)	.9
Net Income	(.5)	.8

Balance Sheet
as at December 31
($ millions)

	1974	1973
Current Assets	2.7	2.2
Fixed Assets – Net	9.9	10.2
Total Assets	12.6	12.4
Current Liabilities	2.5	.7
Long Term Debt	3.3	3.6
Deferred Taxes	2.6	2.6
Total Liabilities	8.4	6.9
Equity	4.2	5.5

Business Description

Atlantic Fish is a major Newfoundland fishing and processing company, catching primarily flounder, cod and catfish. The company's leased plant, built in 1967 and one of the largest in North America, is located at Marystown on the Burin Peninsula. The plant is supplied by a fleet of 12 modern steel stern trawlers. Ten are owned and two are leased. All vessels have the same engines, navigational and deck equipment, which minimizes maintenance costs. The combination of fleet and plant gives us one of the industry's most efficient operations. Most of Atlantic's output is marketed to further processors, distributors, institutions and retail chains in the United States.

Operations Review

1974 was a difficult year with an operating loss of $613,000. Despite poor landings due to heavy ice conditions in the early part of the year, the first half was profitable. Continued low landings, 100% higher fuel prices, increased fishing costs, a decline in selling prices and a trawlermen's strike all contributed to a second-half loss.

The decline in selling prices was caused by competition from lower-priced, lower-quality fish from Japan and Korea at the same time as lower prices for meat and poultry were causing a drop in fish consumption. Fortunately for Atlantic, prices for flounder, its main product, fell the least. During 1974 the industry felt the full effect of large wage increases for plant workers agreed to the previous year. Costs were higher for packaging and most other items. In short, the company was caught in a classic cost-price squeeze.

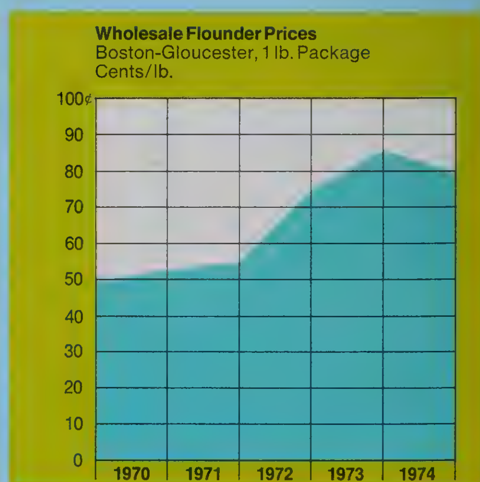
The illegal seven week industry-wide walkout by trawler crewmen caused us to lose 88% of our fishing time during August and September, normally good fishing months. Towards the end of the third quarter, prices bottomed out and the price of certain items in our line showed moderate increases.

Plans and Prospects

The outlook for 1975 is clouded, although some improvement is possible. The year started badly, however, with another industry-wide strike of trawlermen. Landings should increase with the scheduled delivery in the first quarter of the last three trawlers of five ordered in 1973. Operating costs are expected to increase, but at a more moderate pace than in the past year.

In the long run, the future of the fishing industry will be determined by the outcome of the Law of the Sea Conference. The adoption of a 200 mile fisheries management limit would greatly assist Canada's East Coast fisheries by controlling foreign fishing. Many of the present difficulties being experienced are the result of Canada's inaction regarding protection of its fish resources.

With an expected volume of about 15 million pounds of fish fillets in 1975, it should be appreciated that the fortunes of the business will be greatly influenced by prices in the U.S. market, the outlook for which is at present uncertain.

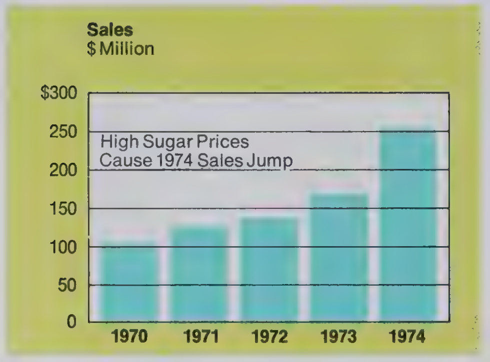


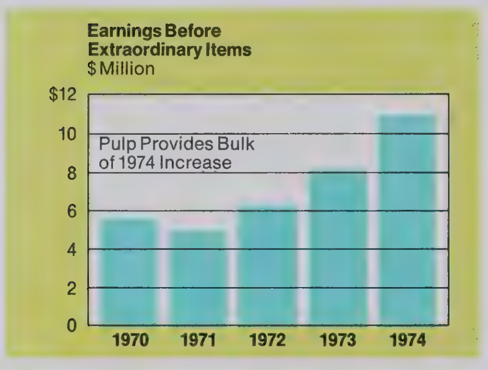
Financial Review

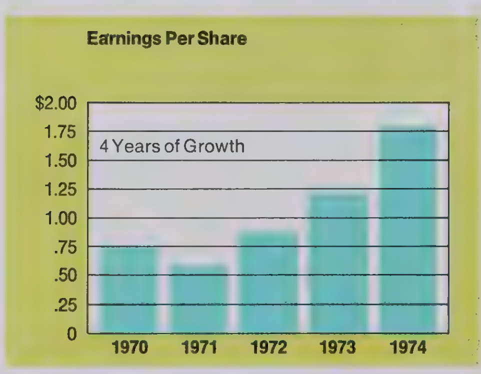
Glossary of Selected Financial Terms

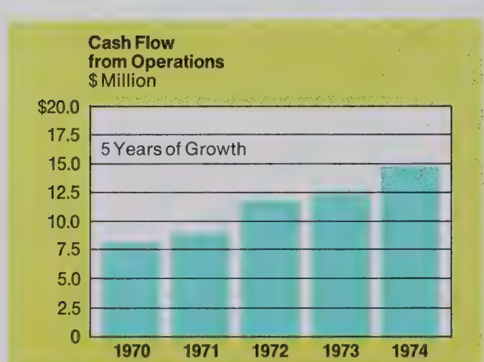
Earnings from operations ($)	– Earnings before income taxes, financial expenses, interest and other income.
Cash flow from operations ($)	– Net earnings before extraordinary items plus all non-cash items (eg. depreciation, amortization, deferred taxes).
Operating return on sales (%)	– Earnings from operations divided by sales.
Return on sales (%)	– Net income before extraordinary items divided by sales.
Return on total assets (%)	– Earnings from operations divided by total assets.
Return on total equity (%)	– Earnings before extraordinary items divided by total equity.
Common equity ($)	– Equity pertaining to Special and Class D shares.
Return on common equity (%)	– Earnings available to common shareholders divided by common shareholders' equity.
Working capital ratio (:1)	– Current assets divided by current liabilities.
Quick Asset ratio (:1)	– Current assets minus inventories divided by current liabilities.
Receivable turnover (X)	– Sales divided by accounts receivable.
Inventory turnover (X)	– Sales divided by inventory.
Asset turnover (X)	– Sales divided by total assets.
Interest coverage – long-term debt (X)	– Earnings before taxes and interest on long-term debt, divided by interest on long-term debt.
Asset coverage – long-term debt (X)	– The sum of working capital, net fixed assets and other investments divided by long-term debt.
Value added ($)	– The difference between sales and the amount paid for raw materials, goods, and outside services.
Debt/Equity Ratio (:1)	– Long-term debt divided by total equity

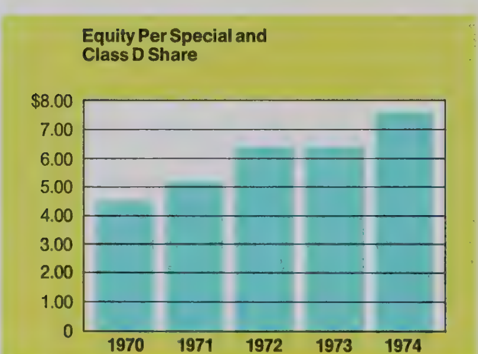
Financial Review



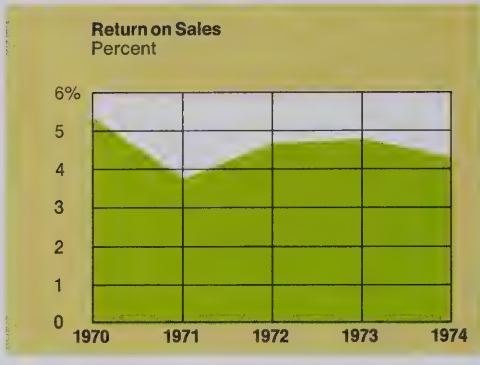


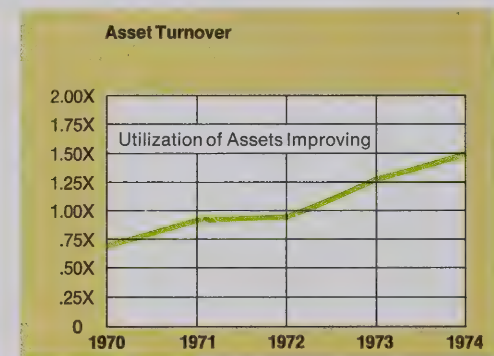


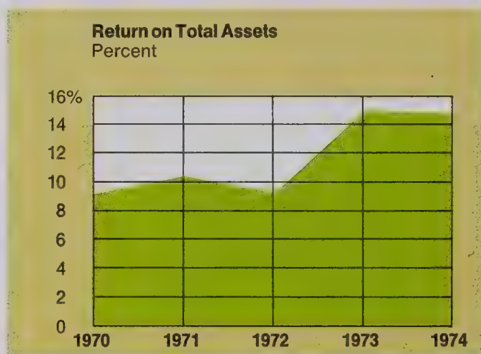


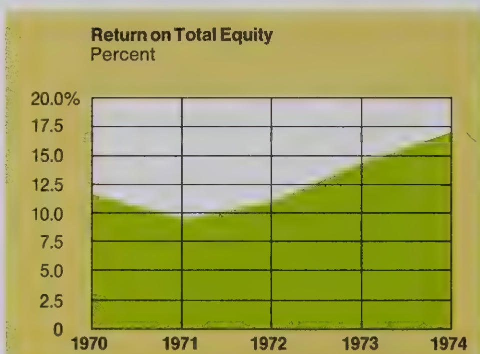


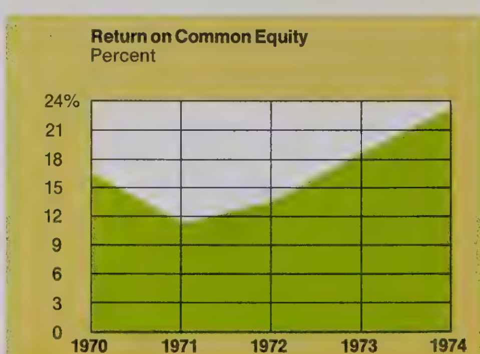
Statistical Indicators

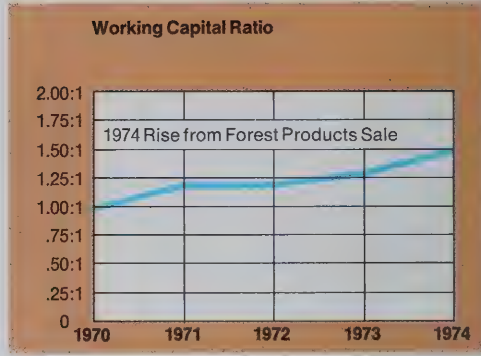


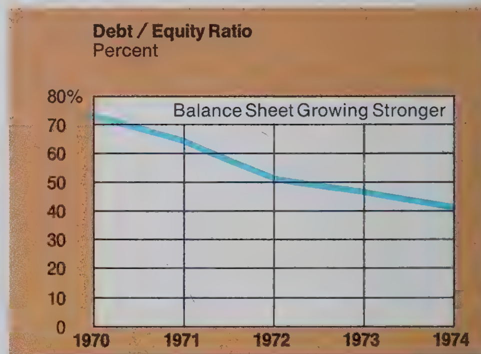


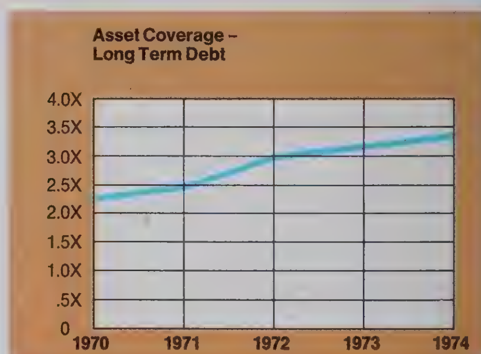


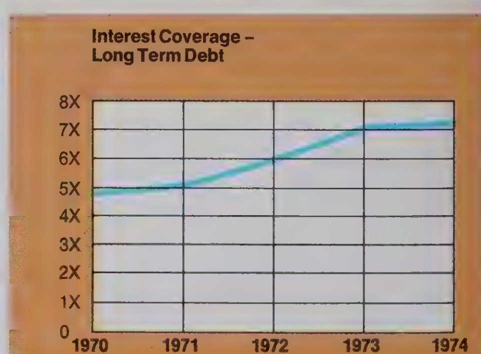












Historical Summary

	1974	1973	1972	1971	1970
Income Information ($'000)					
Sales	**254,710**	170,905	136,907	128,462	105,454
Earnings from Operations	**24,361**	20,234	13,535	14,413	12,971
Net Earnings before Extraordinary	**10,921**	8,281	6,391	4,909	5,710
Net Earnings after Extraordinary	**9,732**	6,109	7,456	7,660	5,735
Depreciation	**3,360**	3,591	3,659	4,057	3,888
Earnings per Share ($)					
Before Extraordinary	**1.80**	1.23	.89	.60	.76
After Extraordinary	**1.56**	.80	1.11	1.15	.76
Cash Flow from Operations	**14,862**	12,571	11,943	8,926	8,329
Interest on Long-Term Debt	**3,218**	2,755	2,109	2,617	2,330

	1974	1973	1972	1971	1970
Balance Sheet Information ($'000)					
Working Capital					
Cash and Short Term Deposits	**20,562**	1,227	7,356	6,085	6,795
Accounts Receivable	**25,559**	22,148	17,782	15,012	15,272
Inventories	**47,175**	21,490	25,079	19,626	16,498
Other Current Assets	**4,645**	742	5,432	5,191	2,748
Current Assets	**97,941**	45,607	55,649	45,914	41,313
Bank Advances	**41,026**	14,042	26,496	23,758	28,189
Other Current Liabilities	**22,561**	20,643	18,175	15,987	14,398
Current Liabilities	**63,587**	34,685	44,671	39,745	42,587
Working Capital	**34,354**	10,922	10,978	6,169	(1,274)
Fixed Assets – Net	**51,986**	69,349	70,866	73,030	74,847
Other Investments	**4,158**	6,114	7,737	6,534	9,038
Intangibles	**10,378**	12,560	11,936	12,769	12,452
Total Assets	**164,463**	133,629	146,187	139,012	140,651
Long-Term Debt	**26,542**	27,447	29,662	33,917	35,353
Deferred Income Taxes	**10,865**	13,201	10,937	10,822	10,640
Preferred Shares – Book Value	**25,277**	25,313	25,313	25,313	25,313
Shareholders' Equity Special and Class D	**38,192**	32,342	32,287	26,272	22,780
Equity/Share ($)	**7.65**	6.48	6.47	5.26	4.56
Capital Expenditures – Net	**4,504**	1,242	4,240	(506)	2,004
*Wages & Salaries Paid	**21,981**	19,377	N.Av.	N.Av.	N.Av.
*Avg. No. of Employees	**2,271**	2,024	N.Av.	N.Av.	N.Av.

******Continuing Operations*

	1974	1973	1972	1971	1970
Ratio Analysis					
Tests of Profitabiilty					
Operating Return on Sales	**9.6%**	11.8%	9.9%	11.2%	12.3%
Return on Total Assets	**14.8%**	15.1%	9.3%	10.4%	9.2%
Return on Total Equity	**17.2%**	14.4%	11.1%	9.5%	11.9%
Return on Common Equity	**23.6%**	19.0%	13.8%	11.4%	16.7%
Tests of Liquidity					
Working Capital Ratio	**1.5**	1.3	1.2	1.2	1.0
Quick Asset Ratio	**.80**	.70	.68	.66	.58
Working Capital/Total Assets	**20.9%**	8.2%	7.5%	4.4%	0
Tests of Asset Management					
Receivable Turnover	**10.0x**	7.7x	7.7x	8.6x	6.9x
Inventory Turnover	**5.4x**	8.0x	5.5x	6.5x	6.4x
Asset Turnover	**1.5x**	1.3x	.9x	.9x	.7x
Tests of Solvency					
Debt/Equity Ratio	**.42**	.48	.52	.66	.74
Interest Coverage – Long Term Debt	**7.3x**	7.2x	6.0x	5.1x	4.8x

Financial Review

Financial Report

Earnings

Earnings per share before extraordinary items increased from $1.23 to $1.80. Earnings before extraordinary items were $10,921,000 versus $8,281,000 a year earlier. Included in the current year's amount is $7,155,000 applicable to discontinued operations which were at record levels.

Non-deductible losses arising from overseas sugar operations included in the results for 1974 amount to some $700,000. This item will not recur as such overseas activities have been closed.

Extraordinary Items

The extraordinary gain net of taxes on the realization of discontinued operations includes the goodwill adjustments applicable to such operations. In addition, all goodwill applicable to wound-up companies such as Tancord were written off so that only the amount applicable to the ongoing businesses, as shown in Note 5, have been retained. A further adjustment to Investments was made to reduce values to estimated current realizable amounts.

Capital Expenditures and Depreciation

Depreciation for the year was $3,360,000. Of this amount, $876,000 was applicable to discontinued operations and $2,484,000 to continuing operations. During 1974, capital expenditures on continuing operations totalled $4,105,000. The balance of $3,980,000 to complete these projects will be made in 1975. The difference between capital expenditures and depreciation will be funded from earnings retained in the business and borrowings. Accelerated depreciation on approximately $4 million of these amounts will be available which will help fund the investment from deferred taxes. The long lead times usually associated with capital spending projects means that the impact on earnings of capital expenditures is usually not evident on the Earnings Statement for a year or longer.

Working Capital

Working capital showed a $23 million improvement over the previous year, raising the working capital ratio to 1.5:1, up from 1.3:1. This was largely due to the sale of the forest products operations. By securing a $15 million seven year term loan, the company was able to repay $10.2 million in bank debt and further reduce current liabilities. This improvement was partially offset by the re-classification of the $2,750,000 Sonco note, due January 1st 1976, from long-term debt to current liabilities (see Note 7). A contingent liability for a further $2,750,000 (see Note 5) relating to the acquisition of Sonco has not been included as a current liability. Based on the current outlook for Sonco's business, this contingent liability should become due and payable in full on January 1, 1976.

In reviewing the areas for reinvestment, the Corporation will be considering both the earnings from such investments and the cash generated as the latter is essential to maintain financial strength and liquidity in these times of high inflation.

Income Taxes

While the tax rate for 1974 of 45.7% is below the 1973 rate of 51.5%, both years are affected by the inclusion of non-deductible losses. Note 10 attempts to clarify the differences between the basic tax rates and the rates shown on the Earnings Statement.

Interest Costs

Interest expenses have been divided in the financial statements between interest on long-term debt and other interest, applicable to operating loans. The figures for 1973 have been re-classified to show interest on term bank debt on a comparable basis with 1974. Interest costs on operating loans increased by $1.1 million over 1973. This increase, equal to $0.12 per share, was due to higher interest rates and higher levels of inventory and receivables which were forced upwards principally by inflation. During the year the prime bank rate rose from 9½% to 11½%. Since the beginning of 1975, however, the prime rate has fallen back to 9% which should reduce interest expense in 1975.

Balance Sheet

Inventories increased substantially, mainly due to the sugar operation. (See Note 2). Finished inventories of refined sugar in 1974 were valued at $13 million versus $3 million in 1973. These factors

Summary of Divisional Performance

	1974		1973		1972		1971		1970	
	$	**%**	$	%	$	%	$	%	$	%
Sales ($ Million)										
Industrial Products	**51.1**	**20.1**	40.6	23.8	31.1	22.7	25.9	20.2	23.8	22.6
Food Products	**172.1**	**67.6**	100.0	58.5	77.8	56.8	70.9	55.2	61.6	58.4
Discontinued and Head Office	**31.5**	**12.3**	30.3	17.7	28.0	20.5	31.7	24.6	20.1	19.0
Total	**254.7**	**100.0**	170.9	100.0	136.9	100.0	128.5	100.0	105.5	100.0
Earnings from Operations ($ Million)										
Industrial Products	**9.4**	**38.5**	6.5	32.2	4.4	32.6	4.0	27.8	3.0	23.1
Food Products	**4.3**	**17.6**	9.6	47.5	9.1	67.4	10.8	75.0	10.8	83.1
Discontinued and Head Office	**10.7**	**43.9**	4.1	20.3	0.0	0.0	(.4)	(2.8)	(.8)	(6.2)
Total	**24.4**	**100.0**	20.2	100.0	13.5	100.0	14.4	100.0	13.0	100.0
Financial & Other Expenses	**4.3**		3.1		3.0		3.6		4.1	
Income Taxes	**9.2**		8.8		4.2		5.9		3.2	
Net Earnings before Extraordinary Items	**10.9**		8.3		6.3		4.9		5.7	
Preferred Dividends	**1.9**		2.1		1.9		1.9		1.9	
Earnings available to Special and Class D	**9.0**		6.2		4.4		3.0		3.8	

necessitated a large increase in operating bank loans with the resultant increase in interest expense. The reductions in fixed assets, goodwill and deferred taxes are mainly due to the sale of the forest products division.

Cost Factors

The three major factors which affect the cost of goods sold are raw materials, labour and energy consumption. Elsewhere, this report has referred to the increases in each of our operations. These increases can be summarized as follows:

	Food Division		Industrial Division	
	$000'		$000'	
	1974	1973	**1974**	1973
Raw Material	**171,819**	66,915	**26,545**	21,768
Labour	**13,083**	11,408	**8,162**	6,537
Energy Consumption	**3,832**	2,320	**1,010**	753

Outlook for Costs

While interest rates have fallen significantly since the year end there are no signs of a reduction in the major costs mentioned above. In fact, the recent increases in freight rates and oil prices will continue the inflationary cycle. Union demands are still high and several major union contracts come up for renewal in 1975. These factors can only contribute to higher prices for consumers.

Value Added

Value added is a measure of the economic contribution of the corporation. It is calculated as the difference between the value of all the goods and services sold and the total amount of goods and services purchased.

This year Jannock companies recorded net sales of $255 million and purchased goods and services of $198 million indicating a total value added of $57 million. Labour, government and capital all shared in the value added by the company.

Labour received 51% of the value added by Jannock by way of wages, salaries and fringe benefits, 16% was paid or payable in income taxes, and 7% went to the lenders from whom the company borrowed money. These lenders are mostly financial instituitons who mobilize the savings of the community to finance industrial and commercial activity. The share enjoyed by capital was 26%. Of this twenty-six percent, 7% was paid to shareholders in dividends as payment for use of their funds and 6% was retained in the business for the replacement of fixed assets (the depreciation charge). The remaining 13% was retained in the business to finance higher inventories and receivables forced upward by growth and inflation and to finance the capital expansion which results in the growth of the business and the creation of new jobs.

Review of Quarterly Sales and Earnings

	Net Sales $ million		Net Earnings $ million		Earnings Per Share	
	1974	1973	**1974**	1973	**1974**	1973
1st Quarter	**50.6**	40.1	**1.9**	1.6	**0.29**	0.23
2nd Quarter	**61.3**	41.5	**2.0**	2.1	**0.30**	0.28
3rd Quarter	**74.5**	42.8	**4.9**	2.3	**0.88**	0.36
4th Quarter	**68.3**	46.5	**2.1**	2.3	**0.33**	0.36
	254.7	170.9	**10.9**	8.3	**$1.80**	$1.23

Investment Balance Sheet
as at December 31

	($ Million) **1974**	1973
*Cash	**20.3**	.2
†Industrial Division		
Sonco	**8.1**	8.5
Lyman	**1.9**	1.9
Brick	**5.9**	4.7
Allanson	**5.0**	4.9
†Food Division		
Sugar	**23.0**	20.3
Tuna	**13.7**	12.9
Atlantic Fish	**4.2**	5.5
**Discontinued Operations	**7.0**	22.9
*Investments and other Assets	**3.3**	6.3
*Intangibles	**1.5**	2.1
	93.9	90.2
Financed by		
*Long-Term Debt	**19.6**	22.3
*Other Liabilities	**10.8**	10.2
Common Share Capital	**21.1**	21.1
Preferred Share Capital	**25.3**	25.3
Retained Earnings	**17.1**	11.3
	93.9	90.2

*These numbers account for those assets and liabilities not carried as part of the individual operations' balance sheets.

**The figure for 1974 is the amount due over the next two and a half years from the sale of the pulp assets.

†These numbers represent the net investment in each operation.

Financial Performance Analysis

		1974	1973	1972	1971	1970
Return on Sales	= Earnings / Sales	**4.3%**	4.8%	4.7%	3.8%	5.4%
× Asset Turnover	= Sales / Assets	**1.54×**	1.28×	.94×	.93×	.75×
= Return on Assets	= Earnings / Assets	**6.6%**	6.2%	4.4%	3.6%	4.1%
× Leverage	= Assets / Equity	**2.6×**	2.3×	2.5×	2.7×	2.9×
= Return on Shareholders Equity	= Earnings / Equity	**17.2%**	14.4%	11.1%	9.5%	11.9%

Note: Earnings are before extraordinary items.

Financial Report

Exports – Imports

The principal exports of Jannock companies were woodpulp and fish. Jannock companies exported over $27 million of woodpulp, and more than $8 million of fish; they imported more than $160 million of raw sugar.

Return on Sales

The return on sales recorded by Jannock in 1974 was 4.3%. This was a decline from the 1973 level of 4.8%. The drop in this measure of profitability occurred principally in the sugar division where large price increases were not accompanied by an equal improvement in earnings.

Asset Turnover

The rate of turnover of assets employed in Jannock companies improved significantly in 1974 from a rate of 1.3 times per year to 1.5 times per year. Increased throughput and higher prices were responsible for this improvement. Inventories and receivables were kept as low as possible. The sale of the forest product divisions should improve this measurement in the future as these were operations with a low rate of asset turnover.

Return on Total Assets

Return on total assets was down slightly to 14.8% from the 15.1% achieved in 1973. This return was achieved despite a decline in earnings on sales as a result of the improved asset turnover rate.

Return on Equity

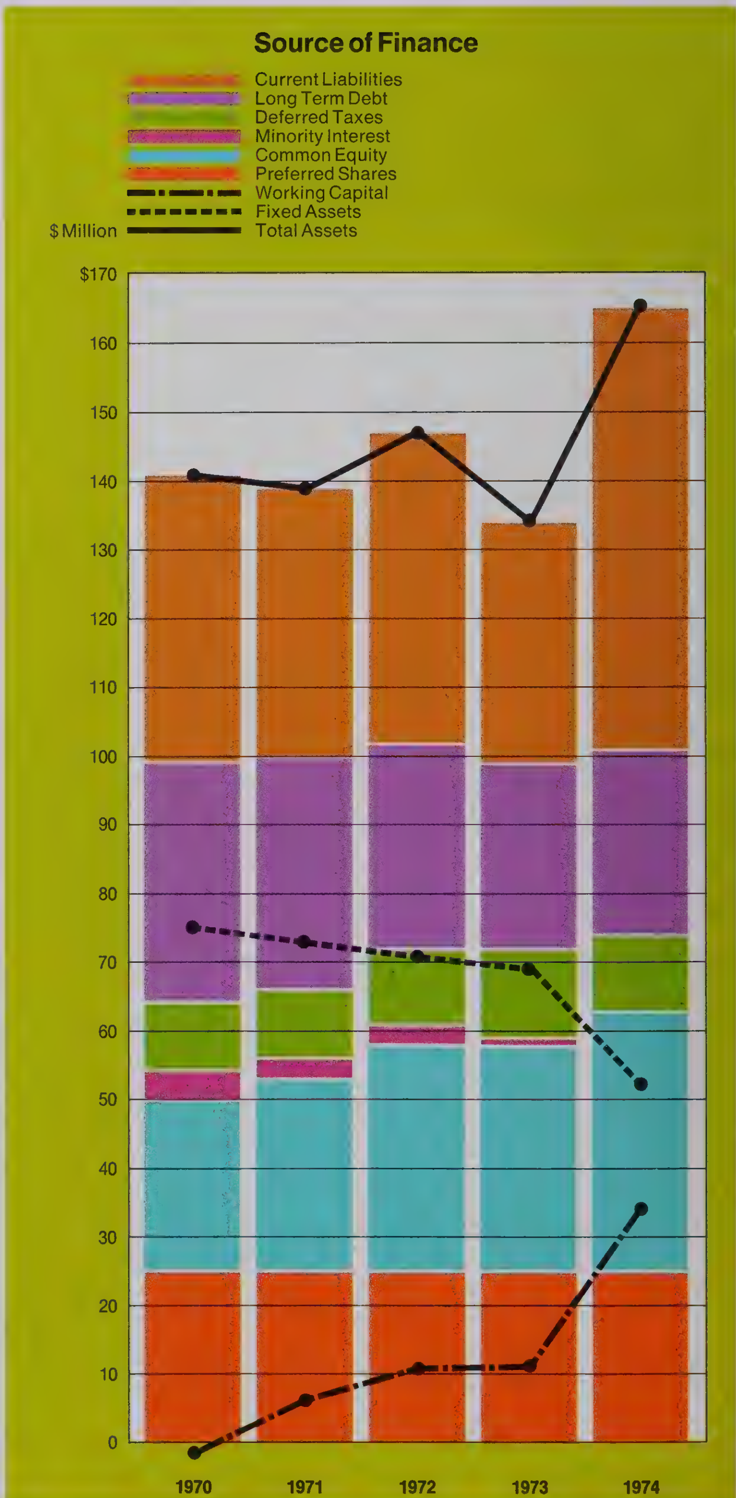
Return on total preferred and common equity, which has been improving over the last four years, reached 17.2%. This was not attributable so much to increased earnings from the assets of the business, which remained in the 15% range, but to the fact that assets employed increased and the increase was financed with borrowed money. The return on common equity improved to 23.6% following the trend set by return on total equity.

Debt to Equity Ratio

Jannock has steadily been reducing its long term debt over the past 5 years, and the result has been a pronounced improvement in the debt to equity ratio which now stands at $42 of debt per $100 of equity, down from a level of $74 of debt per $100 of equity five years ago.

Security of Long-Term Debt

The security of the company's long term creditors has increased steadily in recent years. The company now has $3.40 of net tangible assets per dollar of long-term debt, up from $3.20 last year. Pre-tax earnings of the company in 1974 covered interest on long-term debt 7.25 times.



Jannock Corporation Limited

and its Subsidiary Companies

Consolidated Financial Statements

for the Year Ended December 31, 1974

Statement of Accounting Policies

for the Year Ended December 31, 1974

Principles of Consolidation

The consolidated financial statements include the accounts of all subsidiaries. Intercompany transactions and year end account balances have been eliminated on consolidation.

Inventories

Inventories, other than commodity inventories, are stated at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

Commodity inventories are stated at the lower of cost and replacement cost. Cost is determined on a first-in, first-out basis with the exception of refined sugar, which is determined on the average cost for the year.

Receivables

Receivables are shown net of allowances for doubtful accounts.

Fixed Assets

Land, buildings, plant and equipment are carried at cost, less government grants received which are not deductible for tax purposes.

Ships are included at cost to the Corporation plus government subsidy.

Depreciation of fixed assets, which is based on management's estimate of the useful life of the assets, is calculated on a straight-line basis.

Profits and losses on the sale of fixed assets are charged to operations unless of an extraordinary nature.

The difference in taxes arising from the depreciation recorded in the companies' statements and the amount claimed as capital cost allowance for tax purposes is treated as deferred taxes.

Deferred Income Taxes

Deferred taxes are included in the statements for all differences between the income and expenses reflected in the statements and the amounts included in the computation of income for tax purposes for the current year, provided that such differences will be included in the computation of income for tax purposes in future periods.

Deferred taxes are set up at the tax rate of the year and are drawn down at the average rate of accumulated deferred income taxes.

Intangibles

Excess of cost of investment in subsidiaries over book value of net assets acquired is recorded as an intangible asset. It is not being amortized as management believes it has a continuing value.

Deferred financing and other similar costs are amortized over the period of the obligation in proportion to the amount of debt outstanding.

Deferred leasing costs are amortized on a straight-line basis over the period of the lease.

Translation of Foreign Currencies

Translation of accounts in foreign currencies has been made as follows:

(a) Current assets and current liabilities – at the rates of exchange at the balance sheet date;

(b) Fixed assets, and related depreciation – at the rate of exchange prevailing at the time of acquisition;

(c) All items, excluding depreciation, on the statement of earnings – at the average rate of exchange for the period calculated on a monthly basis.

Jannock Corporation Limited
and its Subsidiary Companies

Consolidated Statement of Earnings
for the Year Ended December 31, 1974

	1974 $	1973 $
Sales	254,709,675	170,905,197
Cost of sales, selling, distribution and general expenses	226,987,954	147,080,501
Depreciation	3,360,231	3,590,736
	230,348,185	150,671,237
Earnings from Operations	24,361,490	20,233,960
Interest on long-term debt	3,218,441	2,754,879
Other interest	2,157,203	1,026,984
	5,375,644	3,781,863
Investment and other income	1,126,533	654,201
	4,249,111	3,127,662
Earnings Before Income Taxes	20,112,379	17,106,298
Provision for Income Taxes (note 10)		
Current	8,775,024	8,192,289
Deferred	416,515	632,741
	9,191,539	8,825,030
Earnings Before Extraordinary Items	10,920,840	8,281,268
Extraordinary Items (note 11)	(1,189,274)	(2,172,094)
Net Earnings for the Year	9,731,566	6,109,174
Earnings before extraordinary items applicable to Special and Class D shareholders	8,999,752	6,154,060
Number of Special and Class D shares	4,991,930	4,991,930
Earnings per share (note 8) –		
Before extraordinary items	$1.80	$1.23
After extraordinary items	$1.56	$0.80

See accompanying statement of accounting policies and notes to the financial statements.

Jannock Corporation Limited

and its Subsidiary Companies

Consolidated Statement of Retained Earnings

for the Year Ended December 31, 1974

	1974 $	1973 $
Balance – Beginning of Year	**11,263,563**	11,208,783
Net earnings for the year	**9,731,566**	6,109,174
Refund of 15% tax on 1971 undistributed income	**151,921**	–
	21,147,050	17,317,957
Dividends –		
Preference shares	**448,950**	412,500
Class A shares	**517,960**	652,500
Class B shares	**954,178**	1,191,709
Special and class D shares	**2,027,783**	1,252,907
	3,948,871	3,509,616
Amalgamation expenses and other capital transactions	**85,042**	160,146
Payment of 15% tax on 1971 undistributed income	**–**	2,384,632
	4,033,913	6,054,394
Balance – End of Year	**17,113,137**	11,263,563

See accompanying statement of accounting policies and notes to the financial statements.

448,

6154660
6109174
448,56

5,774

79

Jannock Corporation Limited
and its Subsidiary Companies

Consolidated Balance Sheet
as at December 31, 1974

Assets

	1974 $	1973 $
Current Assets		
Cash and short-term deposits	20,562,103	1,227,012
Accounts receivable	25,559,426	22,148,132
Inventories (note 2)	47,174,530	21,489,945
Prepaid expenses and other assets	4,644,529	741,626
	97,940,588	45,606,715
Investments (note 3)	4,158,405	6,113,669
Fixed Assets – at cost (note 4)	78,083,411	100,631,985
Less: Accumulated depreciation and amortization	26,097,759	31,283,030
	51,985,652	69,348,955
Intangibles (note 5)	10,378,026	12,559,956
	164,462,671	133,629,295

See accompanying statement of accounting policies and notes to the financial statements.

Signed on behalf of the Board

W. J. R. Paton, *Director*

G. G. Kirkland, *Director*

		1974 $	1973 $
Liabilities	**Current Liabilities**		
	Bank advances (note 6)	**41,026,161**	14,041,899
	Accounts payable and accrued liabilities	**12,356,766**	12,146,520
	Income taxes payable	**4,545,262**	3,693,544
	Current instalments of long-term debt (note 7)	**4,598,902**	3,849,742
	Dividends payable	**1,060,056**	953,356
		63,587,147	34,685,061
	Long-Term Debt (note 7)	**26,541,586**	27,446,510
	Deferred Income Taxes	**10,865,197**	13,201,164
	Minority Interest	**–**	641,150
		100,993,930	75,973,885
Shareholders' Equity	**Share Capital**		
	Authorized (note 8)		
	Issued and fully paid –		
	74,800 6% Preference shares, first series (75,000 shares in 1973)	**7,480,000**	7,500,000
	431,300 $1.20 Class A shares (435,000 shares in 1973)	**1,893,757**	1,910,000
	795,148 6% Class B shares	**15,902,960**	15,902,960
	4,991,930 Special shares and Class D shares	**21,078,887**	21,078,887
	Retained Earnings (note 9)	**17,113,137**	11,263,563
		63,468,741	57,655,410
		164,462,671	133,629,295

Jannock Corporation Limited
and its Subsidiary Companies

Consolidated Statement of Changes in Financial Position
for the Year Ended December 31, 1974

	1974 $	1973 $
Source of Working Capital		
Net earnings for the year before extraordinary items	10,920,840	8,281,268
Items not affecting working capital –		
Depreciation and depletion	3,360,231	3,590,736
Deferred income taxes	416,515	632,741
Amortization of deferred leasing and financing costs	164,484	66,306
Current income taxes applicable to extraordinary items	(449,944)	247,159
Provided from operations	14,412,126	12,818,210
Proceeds on sale of fixed assets	93,622	–
Proceeds on sale of investments	1,967,400	1,285,774
Proceeds of long-term bank loan	4,800,000	–
Reclassification of bank loans to long-term	–	10,200,000
Refund of 15% tax on 1971 undistributed income	151,921	–
Proceeds on sale of forest products division	23,979,424	–
Working capital of forest products division sold	(5,499,465)	–
	39,905,028	24,303,984
Use of Working Capital		
Acquisition of investments	2,345,610	487,612
Additions to fixed assets	4,598,441	1,241,588
Reduction of long-term debt	4,764,924	14,108,546
Cost of redemption of share capital	62,348	–
Dividends	3,948,871	3,509,616
Provision for legal costs for defense of sugar combines case	469,682	–
Other	283,365	249,941
Acquisition of minority interest in subsidiary companies –		
Minority interest in net assets	–	664,240
Excess of cost of investment over book value of net assets acquired	–	275,730
Minority interest in preference shares of subsidiary companies redeemed	–	96,425
Elimination of working capital of subsidiary previously consolidated	–	241,575
Payment of 15% tax on 1971 undistributed income	–	2,384,632
Working capital deficiency and additional investment in previously unconsolidated subsidiary	–	605,982
Losses on disposal of marketable securities and provision for losses	–	494,143
	16,473,241	24,360,030
Increase (Decrease) in Working Capital	23,431,787	(56,046)
Working Capital – Beginning of Year	10,921,654	10,977,700
Working Capital – End of Year	34,353,441	10,921,654

See accompanying statement of accounting policies and notes to the financial statements.

Notes to Consolidated Financial Statements

for the Year Ended December 31, 1974

1 Principles of Consolidation

The following operations have been included in the financial statements for the year:

Atlantic Sugar
Groundfish (Atlantic Fish)
Tuna
Allanson
Canada Brick
Lyman
Sonco
St. Lawrence Brick

The following operations were sold during the year and the results of those operations have been consolidated in the statement of earnings to the date of sale:

Nortar – Sold July 2nd, 1974
Pulp – Sold December 12th, 1974

Profit on sale of discontinued operations is included in the statement of earnings as extraordinary item (see note 11).

2 Inventories

	1974 $	1973 $
Raw sugar	**18,982,292**	2,808,190
Raw fish	**2,503,602**	1,713,387
Other raw materials	**1,829,627**	3,284,753
Work in process	**1,101,752**	581,548
Finished goods	**20,888,775**	11,280,338
Supplies	**1,868,482**	1,821,729
	47,174,530	21,489,945

3 Investments

Investments are valued at cost less provisions for decline in value.

	1974 $	1973 $
Quoted shares (market value $434,402; 1973 – $3,364,896)	**449,319**	3,714,313
Unquoted shares	**–**	233,259
Note receivable, with interest at prime bank rate plus 2½%, payable $700,000 semi-annually commencing January 1, 1976, less current portion	**2,100,000**	–
I.T.L. Industries Limited – 8% convertible debenture due 1988	**1,350,000**	1,500,000
Other investments	**259,086**	666,097
	4,158,405	6,113,669

Investments are valued at amounts not in excess of estimated realizable value.

4 Fixed Assets

Fixed assets and depreciation rates are as follows:

	1974 Cost $	1974 Net $	Depreciation rates %	1973 Cost $	1973 Net $
Food Division					
Land	**719,627**	**719,627**	–	719,627	719,627
Buildings	**11,910,953**	**7,506,837**	2½	11,905,111	7,720,928
Ships	**27,155,362**	**21,200,054**	3⅓	27,154,103	22,087,686
Plant equipment, furniture, fixtures and mobile equipment	**17,281,662**	**8,706,518**	5-20	16,970,376	8,951,507
	57,067,604	**38,133,036**		56,749,217	39,479,748
Industrial Division					
Land	**913,602**	**829,618**		931,893	855,330
Buildings	**4,324,471**	**3,201,102**	2½-10	3,996,946	2,947,278
Plant equipment, furniture, fixtures and mobile equipment	**14,122,086**	**8,235,537**	3-30	11,185,140	6,640,128
Construction in progress	**1,371,939**	**1,371,939**	–	377,730	377,730
	20,732,098	**13,638,196**		16,491,709	10,820,466
Discontinued operations	**–**	**–**		27,147,413	18,851,629
Head office	**283,709**	**214,420**		243,646	197,112
Total	**78,083,411**	**51,985,652**		100,631,985	69,348,955

Insured value on the basis of replacement cost as at December 31, 1974 is $85,600,000.

Notes to Consolidated Financial Statements

for the Year Ended December 31, 1974

5 Intangibles

	1974 $	1973 $
Patents and other – at cost	–	25,457
Deferred financing costs	**170,415**	328,491
Deferred leasing costs	**973,129**	1,090,089
Excess of cost of investment in subsidiaries over book value of net assets acquired –		
Canada Brick	**1,969,407**	1,969,407
Sonco	**3,900,164**	3,900,164
Nortar	–	1,488,973
Allanson	**2,973,238**	2,973,238
Other	**391,673**	784,137
	10,378,026	12,559,956

As referred to in note 12(a) the final purchase price of a subsidiary, Sonco Steel Tube Limited, has yet to be determined. Any amount payable under the contingent liability will be added to the excess referred to above.

6 Bank Indebtedness

Bank advances are secured by inventories, a general assignment of book debts and certain investments.

All bank advances are owing to a bank which is a shareholder of the Corporation.

7 Long-Term Debt

	1974 $	1973 $
Jannock Corporation Limited		
Sinking fund debentures – unsecured		
6¾% Series 'A' maturing 1985	**1,561,720**	1,662,580
6½% Series 'B' maturing 1976	**1,296,500**	1,400,000
Term bank loan at prime bank rate plus 1½%	–	10,200,000
4% Series 'A' sinking fund bonds maturing 1974	–	2,809,000
8½% note due January 1, 1976 – unsecured	**2,750,000**	2,750,000
Jannock Industries Limited		
6¾% Series 'A' sinking fund bonds maturing 1984	**3,163,000**	3,426,000
Secured by guarantee of Jannock Corporation Limited		
Atlantic Consolidated Foods Limited		
First mortgage bonds		
7¼% maturing semi-annually until 1987	**1,233,846**	1,262,169
8¼% maturing semi-annually until 1988	**1,438,826**	1,465,952
8¾% maturing semi-annually until 1988	**808,799**	822,570
Secured on trawlers		
6¼% Series 'A' sinking fund bond maturing 1982	**870,423**	963,183
Secured on tuna plant		
Term bank loan at prime bank rate plus 1½% maturing 1981	**15,000,000**	–
Secured on sugar refinery		
Canada Brick Company Limited		
6¾% first mortgage sinking fund bonds maturing 1986	**988,000**	1,130,500
Secured on total fixed assets		
St. Lawrence Brick Co. Limited		
9⅜% first mortgage Series 'A' sinking fund bonds maturing 1990	**1,341,000**	1,414,000
9¼% subordinated sinking fund debentures maturing 1990	**318,500**	353,000
Secured on total fixed assets		
Sonco Steel Tube Limited		
7¾% first mortgage maturing 1986	**369,874**	387,298
Secured on land and buildings		
Other	–	1,250,000
	31,140,488	31,296,252
Less:		
Sinking fund and principal payments due within one year	**4,598,902**	3,849,742
	26,541,586	27,446,510

Payments of principal and interest required in the next five years to meet long-term debt instalments and sinking fund provisions are:

	Principal $	Interest $
1975	4,598,902	2,659,979
1976	4,557,211	2,126,525
1977	3,432,632	1,770,244
1978	3,463,553	1,449,025
1979	3,493,731	1,128,684

The $15,000,000 term bank loan is owed to a bank which is a shareholder of the Corporation.

8 Share Capital

(a) Authorized –

299,800 Preference shares with a par value of $100 each issuable in series, the first series consisting of 74,800 preference shares, after cancellation on redemption of 200 shares during the year, designated as 6% cumulative redeemable preference shares redeemable at $105 on 30 days notice. This series may be purchased for cancellation from a $100,000 annual purchase fund; no vote unless six quarterly dividends in arrears. In any subsequent series, the board of directors shall, by resolution, fix the designation, preferences, rights and conditions.

431,300 $1.20 Class A cumulative shares, without par value, after the cancellation on redemption of 3,700 shares during the year; not redeemable but may be purchased for cancellation from a $100,000 annual purchase fund; no vote unless eight quarterly dividends in arrears.

875,000 6% Class B shares with a par value of $20, redeemable after June 15, 1980 in whole or in part and may be converted into Special or Class D shares on the basis of share for share; no voting rights.

8,000,000 Special shares and Class D shares, without par value; voting; inter-convertible on a share for share basis:

(i) a cash dividend may be paid on the Special shares out of tax-paid undistributed surplus on hand or 1971 capital surplus, thereby resulting in a non-taxable dividend to holders;

(ii) when dividends are declared on Special shares, there shall be declared on Class D shares a dividend equal to the sum of the cash dividend per share on the Special shares plus an amount equal to the tax paid per share to create tax-paid undistributed surplus.

500,000 Common shares without par value.

(b) Reservations of Capital Stock –

(i) Warrants

The following share purchase warrants are outstanding:

Number of warrants	Number and class of shares	Exercise price $	Expiry date
162,762	1 Special	16.00 per share	June 30, 1976
239,070	1 Special	12.00 per share	March 1, 1976
		14.00 per share	March 1, 1978
* 52,718	1 Special plus) 1½ 6%) Class B)	48.00 per unit	March 1, 1976
		56.00 per unit	March 1, 1978

*These warrants are exercisable only in units consisting of 1 Special and 1½ 6% Class B shares.

(ii) Options

185,000 Special shares have been reserved under stock option plans for officers and employees as follows:

Number of shares	Option date	Expiry date	Exercise price $
30,000	October 31, 1972	October 31, 1976	7.00
51,250	October 31, 1972	October 31, 1977	7.00
20,000	November 15, 1973	October 31, 1978	6.50
38,400	June 18, 1969	June 18, 1979	7.00
9,000	April 19, 1972	April 19, 1982	7.00
148,650			

With the exception of the option for 30,000 shares issued on October 31, 1972 the balance of the options are exercisable at a maximum annual rate of 20% per year on a cumulative basis.

Options resulting from guarantees aggregate 75,000 shares expiring April 17, 1975 at an exercise price of $6.40 per share.

(iii) Dilution

The exercise of warrants and options together with the potential conversion of the 6% Class B shares would result in dilution of earnings per share as follows:

	Before extraordinary items $	After extraordinary items $
Earnings per share	1.80	1.56
Exercise of options	(.06)	(.05)
Exercise of warrants	(.08)	(.06)
Conversion of 6% Class B shares	(.06)	(.04)
Fully diluted earnings per share	1.60	1.41

Notes to Consolidated Financial Statements

for the Year Ended December 31, 1974

9 Retained Earnings

Retained earnings include $10,528,940 of contributed surplus arising in 1967 from government subsidies in connection with the groundfish and tuna operations. The contributed surplus was reduced from $13,204,865 at December 31, 1973 by the declaration of dividends therefrom.

The Corporation has $28,111,482 of tax paid undistributed surplus and capital surplus as defined by the Income Tax Act which is available for payment of non-taxable dividends. The balance at December 31, 1973 was $28,814,829.

10 Income Taxes

Differences between income taxes at the federal rate and the total provision for income taxes arise as follows:

	1974 Amount $	1974 Rate %	1973 Amount $	1973 Rate %
Federal tax on earnings per financial statements	**9,653,942**	**48.0**	8,382,086	49.0
Provincial tax increment	**402,247**	**2.0**	342,126	2.0
Non-deductible losses incurred in foreign jurisdictions	**368,383**	**1.8**	1,711,672	10.0
Other non-deductible items	**362,184**	**1.8**	291,801	1.6
Federal manufacturing and processing tax credit	**(1,699,140)**	**(8.4)**	(1,730,675)	(10.1)
Miscellaneous items, including federal tax surcharge	**103,923**	**.5**	(171,980)	(1.0)
Provision for income taxes	**9,191,539**	**45.7**	8,825,030	51.5

Accumulated capital losses for tax purposes of approximately $800,000 are available to reduce taxes payable on future capital gains. The potential tax benefit has not been set up in the companies' accounts.

11 Extraordinary Items

	1974 $	1973 $
Profit (loss) on disposal of marketable securities and other investments	**(1,031,242)**	492,344
Provisions for decline in value of investments	**(1,300,000)**	(1,879,790)
Net profit (loss) on sale and discontinuance of operations including write-off of applicable goodwill (net of income tax recovery of $1,456,426)	**1,374,612**	(784,648)
Provision for legal costs for defense of sugar combines case (net of income taxes of $237,038)	**(232,644)**	–
	(1,189,274)	(2,172,094)

12 Commitments and Contingent Liabilities

(a) Subsidiary purchase

The purchase price of a subsidiary, Sonco Steel Tube Limited, acquired in 1970, includes an amount of $2,750,000 which has not been reflected in the statements since the amount is contingent upon the earnings of such subsidiary over a five year period from the date of acquisition. Such final payment will be accounted for on January 1, 1976 with interest at 5% from the date of acquisition.

(b) Leases

Lease commitments are as follows:

	Tuna seiner $	Groundfish trawlers $	Groundfish plant $	Other assets $	Total $
1975	205,000	556,218	826,512	657,837	2,245,567
1976	205,000	556,218	826,512	595,528	2,183,258
1977	205,000	556,218	826,512	519,297	2,107,027
1978	205,000	556,218	826,512	459,047	2,046,777
1979	205,000	556,218	826,512	262,157	1,849,887
1980-1984	1,025,000	2,781,090	4,132,560	550,200	8,488,850
1985-1989	820,000	2,781,090	4,132,560	550,200	8,283,850
1990-1994	–	940,013	2,479,536	108,000	3,527,549
	2,870,000	9,283,283	14,877,216	3,702,266	30,732,765

13 Legal Matters

(a) Sugar Combines Case

On May 31, 1973, proceedings were instituted by the Attorney General of Canada charging Atlantic Sugar Refineries Co. Limited, a predecessor company of Jannock Corporation Limited, two major sugar refiners in Eastern Canada and others with the commission of indictable offences contrary to Section 31(1) (b) and (c) of the Combines Investigation Act. The trial commenced October 14, 1974, and is expected to be completed in May or June 1975. Provision has been made for the estimated legal costs for defense of these charges.

(b) Sale of Pulp Assets

(i) A subsidiary company has advised its legal counsel to commence proceedings against the purchaser, Acadia Forest Products Limited, to recover all monies due under a dispute on certain transactions arising from the sale. The amounts in dispute have been included in the financial statements as it is anticipated that all such funds will be recovered.

(ii) On December 11, 1974, Woodpulp, Inc. (Canada), a former sales agent for the pulp division of Jannock Industries Limited, commenced an action against Jannock Industries Limited and another, alleging, among other things, damages for breach of contract in the amount of $1,187,580 special damages. The company is defending this action.

14 Statutory Requirements

(a) Directors' and Senior Officers' Remuneration

	1974	1973
Number of directors	**15**	13
Remuneration of directors as directors	**$63,750**	$64,135
Number of senior officers*	**7**	7
Remuneration of senior officers as officers	**$422,175**	$480,487
Number of senior officers who are also directors	**3**	3

*Senior officers includes the five highest paid employees of the Corporation as required by the Business Corporations Act (Ontario).

(b) Sales

The sales by class of business were as follows:

	1974		1973	
	$000's	**%**	$000's	%
Food products	**172,131**	**67.6**	100,050	58.5
Industrial products	**51,054**	**20.0**	40,604	23.8
Forest products	**31,525**	**12.4**	28,520	16.7
Other	**–**	**–**	1,731	1.0
	254,710	**100.0%**	170,905	100.0%

15 Comparative Figures

Certain of the 1973 figures have been reclassified for comparative purposes.

Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of Jannock Corporation Limited and its subsidiary companies as at December 31, 1974 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1974 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Coopers & Lybrand
Chartered Accountants

Toronto, Ontario
February 10, 1975

Corporate Directory

Financial Calendar

Dividend Payment Dates

	Payment Dates	Indicated Rate
Special Shares	Jan. 1-April 1-July 1-Oct. 1	$0.425
Class D	Jan. 1-April 1-July 1-Oct. 1	0.50
6% First Preference	Mar. 15-June 15-Sept. 15-Dec. 15	6.00
Class A	Jan. 1-April 1-July 1-Oct. 1	1.20
6% Class B	Jan. 1-April 1-July 1-Oct. 1	1.20

The company has no common shares outstanding but the Special and Class D shares have all the characteristics of common shares, plus they are interconvertible. Shareholders have the option to hold Special shares and receive tax-paid dividends equivalent to 85% of the regular dividend, or Class D shares and receive the full dividend in cash. No additional tax is payable by the recipient of the dividend on the Special shares while holders of the Class D shares may claim the usual dividend tax credit. The two classes of shares are identical in all other respects, and are interchangeable.

Trading in the Corporation's Securities – 1974

	Volume (in 100's)	Price Opening	High	Low	Close
Special Shares	5,029	6	8¾	4¼	5¼
Class D	899	6	8¾	4.40	5¼
6% First Preference	56	64	67	54½	56¼
Class A	391	12⅞	13½	9½	10½
Class B	600	12⅜	13½	9¼	11

V-Day Valuations

The market value on December 22, 1971, of Jannock securities for the purpose of computing capital gains tax was:

Special Shares/ Class D Shares	Glengair $7.60 – Atlantic Sugar $6⅜
6% First Preference	$62⅜
$1.20 Class A	$15
6% Class B Convertible Preference	$12.40
A Warrants	Glengair $0.85 – Atlantic Sugar $1.40
B Warrants	$0.90

The Corporation has received the opinion of Fraser & Beatty that its shares are investments which a company registered under Part III of the Canadian and British Insurance Companies Act may purchase without using the so-called "basket clause".

Distribution of Equity Shareholdings by Size of Holding

Size of Holding	Number of Shares	%	Number of Holders	%
1 - 99	91,226	1.8	2,628	40.0
100 - 199	184,524	3.7	1,620	24.7
200 - 499	370,109	7.4	1,362	20.7
500 - 999	311,467	6.3	489	7.4
1000 - 1999	324,361	6.5	277	4.2
2000 - 4999	293,262	5.9	110	1.7
5000 +	3,416,981	68.4	87	1.3
Total	4,991,930	100.0	6,573	100.0

Geographical Distribution of Equity Shares

Registered Residence	Number of Shares	%	Number of Holders	%
British Columbia	194,919	3.9	794	12.1
Prairie Provinces and the Territories	77,571	1.6	397	6.0
Ontario	4,134,081	82.8	3,529	53.7
Quebec	365,485	7.3	1,075	16.4
Atlantic Provinces	161,606	3.2	647	9.8
Total Canada	4,933,662	98.8	6,442	98.0
U.S.A.	44,015	0.9	98	1.5
Other Foreign	14,253	0.3	33	0.5
Total	4,991,930	100.0	6,573	100.0

Bankers

The Toronto-Dominion Bank

Auditors

Coopers & Lybrand

General Counsel

Fraser & Beatty,
Toronto

McCarthy & McCarthy,
Toronto

Transfer Agents & Registrars

Guaranty Trust Company of Canada
Toronto, Montreal, Winnipeg, Calgary and Vancouver
6% Preference Shares
$1.20 Class A Shares

Canada Permanent Trust Company
Montreal, Toronto, Winnipeg, Calgary and Vancouver
6% Class B Shares
Special Shares
Class D Shares

Stock Listing

The Toronto Stock Exchange
The Montreal Stock Exchange

Ticker Symbols

Special Shares	– Jn
Class D Shares	– Jn.D
Class A Shares	– Jn.A
Class B Shares	– Jn.Pr.B
6% Preference Shares	– Jn.Pr.C

Incorporation

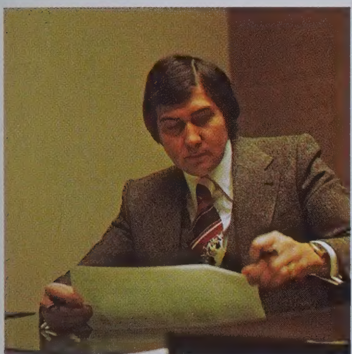
Province of Ontario

Number of Shareholders

Preference Shares	6,219
Equity Shares	6,573

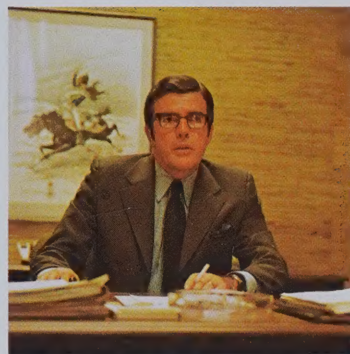
No. of Employees 2,271

Directors

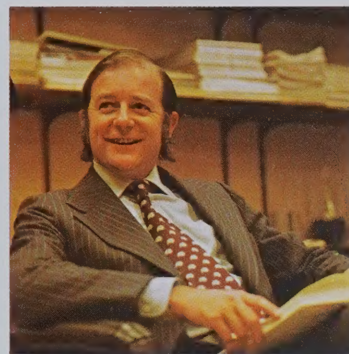


W. A. Andres
Vice President Finance, Pinetree Development Co. Limited. Director since 1973.

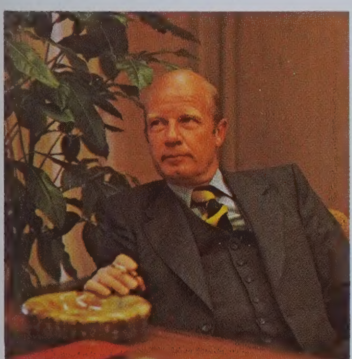
L. H. M. Ayre
Chairman, Ayre and Sons Limited. Director since 1968.



E. C. Daniher
Chairman of Baker Lovick Limited. Director since 1971.



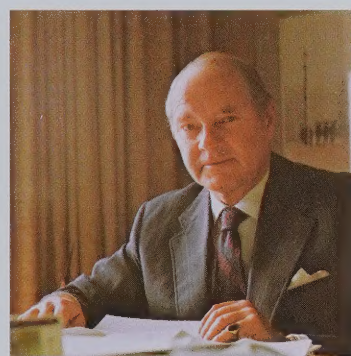
L. Y. Fortier
Partner, Ogilvy, Cope, Porteous, Montgomery, Renault, Clarke and Kirkpatrick. Director since 1970.



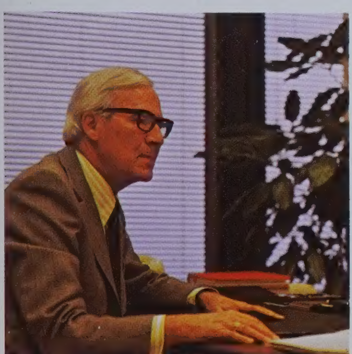
J. H. Hawke
Vice Chairman of the Board, Jannock Corporation Limited. Director since 1964.

Hon. S. A. Hayden Q.C.
Senior partner, McCarthy and McCarthy. Director since 1939.

L. C. E. Lawrence
Company director. Director since 1969.



G. E. Mara
President, William Mara Company Ltd. Director since 1973.



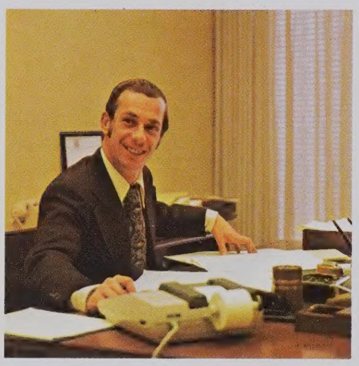
W. J. R. Paton
Chairman of the Board, Jannock Corporation Limited. Director since 1961.

M. Tanenbaum
President,York Steel Construction Limited. Director since 1973.

D. G. Willmot
Chairman of the Board,The Molson Companies Limited. Elected 1975.

Graeme G. Kirkland
President and Chief Executive Officer
Jannock Corporation Limited.
Director since 1974.

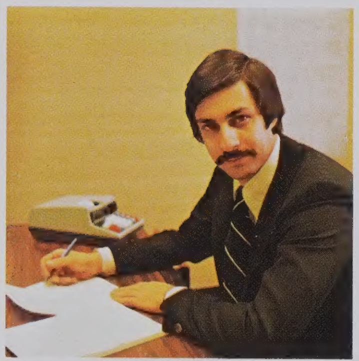
Corporate Management



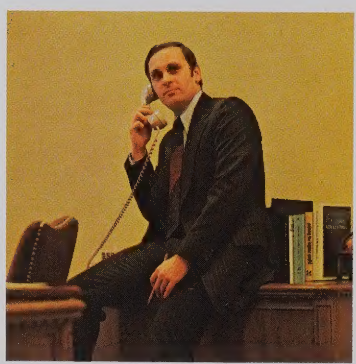
Peter S. Hayward
Assistant Treasurer

Graeme G. Kirkland
President and Chief Executive Officer

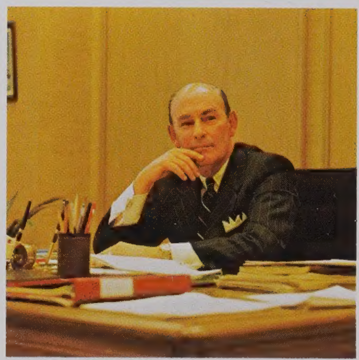
C. W. (Leo) Leonardi
Executive Vice President, Finance and Treasurer



Samuel N. Metalin
Research and Special Projects

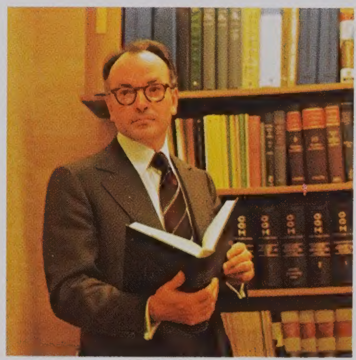


George L. Ploder
Controller



Douglas G. Sinclair
Executive Vice President

Fred R. Soyka
Manager Corporate Development



R. Harold Weir
Vice President and Secretary

Directors

W. A. Andres (Director since 1973). Vice President Finance, Pinetree Development Co. Limited. Mr. Andres is a chartered accountant.

L. H. M. Ayre (Director since 1968). Chairman, Ayre and Sons Limited, St. John's, Newfoundland. Mr. Ayre is also a Director of the Bank of Nova Scotia, Dominion Stores Ltd. and other Canadian companies.

E. C. Daniher (Director since 1971). Chairman of Baker Lovick Limited, one of Canada's largest advertising agencies, and President of Comcore Communications Limited. He is a Director of a number of other companies and of the Canadian National Sportsmen's Show.

L. Y. Fortier (Director since 1970). A partner in the Montreal legal firm of Ogilvy, Cope, Porteous, Montgomery, Renault, Clarke and Kirkpatrick and a Director of several companies including the Manufacturers Life Insurance Company and Westroc Industries Ltd.

J. H. Hawke (Director since 1964). Vice Chairman of the Board, Jannock Corporation Limited. Mr. Hawke is also President of Wescasit Limited, a private investment and consulting company based in Toronto, and is Director of a number of other Canadian companies. He was formerly President and Chief Executive Officer of Jannock.

Hon. S. A. Hayden Q.C. (Director since 1939). Senior partner of McCarthy and McCarthy, Barristers and Solicitors of Toronto and a member of the Senate of Canada. He is a Director of numerous other Canadian companies including Dominion Oxygen Company Limited and National Carbon Company Limited.

Graeme G. Kirkland (Director since 1974). President and Chief Executive Officer, Jannock Corporation Limited.

L. C. E. Lawrence (Director since 1969). Mr. Lawrence retired from the Toronto Dominion Bank in 1973 as Vice President - Credit. He holds directorships in a number of Canadian companies.

G. E. Mara (Director since 1973). President of William Mara Company Ltd., agents for wines and spirits. Mr. Mara is also a Director of other companies including Confederation Life, Ford Motor Company of Canada Limited, McLarens Foods Ltd., Warnock Hersey International and Meaghers Distillery Limited. He is Chairman of the Olympic Trust of Canada.

W. J. R. Paton (Director since 1961). Chairman of the Board and Chairman of the Executive Committee of Jannock Corporation Limited. Mr. Paton was President and Chief Executive Officer of Atlantic Sugar Refineries Co. Ltd. from 1961 until 1973.

M. Tanenbaum (Director since 1973). President York Steel Construction Limited and Pinetree Development Co. Limited. Mr. Tanenbaum is President of or Director of several other companies including Lake Ontario Steel Co. Ltd., Canadian Oxygen Co. Ltd., and Bridge and Tank Company of Canada Ltd.

D. G. Willmot (Elected 1975). Chairman of the Board of The Molson Companies Limited. Mr. Willmot is also a Director of the Bank of Nova Scotia, The International Nickel Company of Canada Limited, Crown Life Insurance Company, and other Canadian companies.

Corporate Management

Graeme G. Kirkland, 37, President and Chief Executive Officer. Before joining Jannock as President in 1973, he was for two years the Senior Vice-President of Slater, Walker of Canada. For nine years prior to that he held senior financial and general management positions in several different countries with CPC International Inc., a multinational U. S. food corporation.

C. W. (Leo) Leonardi, C.A., 49, Executive Vice President, Finance and Treasurer. In addition to his senior financial responsibilities, Mr. Leonardi has at times also held line responsibilities as president of several subsidiary and affiliated companies. Prior to joining Jannock, he served in senior financial and general management positions in Europe and in North and South America.

Douglas G. Sinclair, 53, Executive Vice President. Mr. Sinclair is responsible for the Industrial Division and for the tuna and fisheries operations. Prior to joining the company in 1969, he was President of Rubbermaid (Canada) Limited for eight years.

R. Harold Weir, 43, Vice President and Secretary. He joined the company in 1969 as Secretary of Atlantic Sugar Refineries Co. Limited. Previously, he was secretary-treasurer of an association of privately owned grain handling companies in Western Canada. Mr. Weir holds an MBA degree and is a member of the Alberta Bar.

George L. Ploder, C.A., 34, Controller. Mr. Ploder joined the company in 1967 in the capacity of Assistant Treasurer. He was promoted to Controller in 1973. Before joining Jannock, he was a supervisor with a national firm of chartered accountants.

Fred R. Soyka, 44, Manager Corporate Development. Before joining Jannock in March 1974, he spent twelve years in Geneva, Switzerland, with an investment banking house and AMF Overseas Corporation. He has also held management positions in Canada and the U.S. Mr. Soyka holds degrees in Business Administration and Engineering.

Peter S. Hayward, C.A., 37, Assistant Treasurer. Prior to joining Jannock early 1973, he held a management position with one of Canada's major trust companies. Before that he was a manager of a national firm of chartered accountants. Mr. Hayward holds a B. Comm. degree from the University of Saskatchewan.

Samuel N. Metalin, 28, Research and Special Projects. Joined Atlantic Sugar in 1971 as a financial analyst, after working in New York with an international firm of certified public accountants. Transferred to Toronto in 1973. An economics graduate of McGill University, Mr. Metalin holds an MBA in finance from the Wharton School.

Operating Management

David Sonshine, 35, President and Chief Operating Officer, Sonco Steel Tube. Following studies at Queens University, he joined the company's production department in 1960. He was appointed Vice President and Assistant to the President in 1968 and has been President since 1973.

David J. Kennedy, 52, President and General Manager, Lyman Tube. Since joining Lyman in 1951, he has held various sales and administrative positions in Quebec and Ontario. Mr. Kennedy became Vice President and General Manager in 1973 and was appointed President in January, 1974.

E. Y. Carlson, 50, President, Canada Brick. Before joining Canada Brick in 1961, Mr. Carlson held positions in the Saskatchewan public service and as General Manager of Saskatchewan Clay Products. He was appointed President of Canada Brick in 1963. Active in industry associations, he was a recipient of the Canada Centennial Medal. Mr. Carlson holds a B. Sc. in Ceramic Engineering from the University of Saskatchewan.

André Goyer, 45, President, St. Lawrence Brick. Mr. Goyer assumed the Presidency of St. Lawrence upon acquiring the company in 1962, remaining as President after selling control to Jannock in 1969. Before acquiring St. Lawrence, Mr. Goyer occupied a number of management positions with a variety of companies. Prior to commencing his business career, he was an officer in the Canadian Armed Forces.

R. A. Crolly, 51, President, Allanson Manufacturing Company. Mr. Crolly, a chartered accountant, joined Allanson in 1961 as Vice President, Administration. He became President in 1969. Before joining Allanson, he spent eleven years in industry, much of it as controller of a major metal fabricating firm.

L. E. Labrosse, 49, President, Atlantic Sugar and Executive Vice President, Jannock Corporation Limited. Mr. Labrosse joined Atlantic Sugar in 1950 in the finance department. Since then he has held a number of management positions including Executive Vice President, Finance, of Atlantic Sugar and President of Atlantic Fish. He was appointed President of Atlantic Sugar in 1973.

G. E. Waring, 48, President, Ocean Maid Foods. Mr. Waring joined Atlantic Sugar in 1948 after graduating in chemistry from the University of New Brunswick. He served as Technical Director from 1958 to 1964 and as Assistant to the President from 1964 to 1969. He became President of tuna operations in 1970.

W. J. Grant, 33, General Manager, Atlantic Fish. A chartered accountant and a registered industrial accountant, he joined the company as Treasurer-Controller in 1970. He was appointed to his present position in January, 1974. Mr. Grant has also worked in wholesaling and in government service.

jannock (jăn′ ŏk) [North. dial.], *a.* and *adv.* Fair, straightforward.